

PART V – ACTION PLAN

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ANTICIPATED RESOURCES AND GENERAL GUIDELINES

Overview

The Office of Community Development (OCD) receives a variety of federal and state resources to meet the state's housing and community development priorities. Many resources are linked together to secure maximum benefit to clients, such as weatherization and home repair. There is a consistent effort to leverage federal and state resources with non-public funds to maximize cost efficiency and to stretch the public dollar, such as with the state's Housing Trust Fund and the Community Development Block Grant.

Anticipated Resources

The following are highlights of the major federal and state resources that OCD anticipates receiving in 2001, including program income. The programs are in general categories for purposes of this table. Many of the programs offer a variety of services that cross categories, such as HOPWA, or services not detailed here like technical assistance.

Affordable Housing The Housing Trust Fund will dedicate funds for a variety of low-income housing activities, including farmworker housing, housing for homeless families with children, housing for people with developmental disabilities, weatherization, repair, and rehabilitation The HOME Program funds will be used for 2001 priority strategies and initiatives. Housing Opportunities for People With AIDS ^{3/} Rural & Economic Development (Farmworkers) Weatherization Program (energy efficiency improvements, health, and safety)	Federal Funds ^{1/} \$9.5 million \$450,000 \$200,000 \$7.7 million	State Funds ^{2/} \$74.8 million
Prevention of Homelessness Provide shelter and services for people who are homeless, transitional housing for families with children, and homelessness prevention. Supportive Housing Mortgage and rental assistance in rural counties impacted by the downturns in timber and salmon industries. This program will help prevent mortgage foreclosures and rent evictions that could result in homelessness.	\$1 million \$1.2 million	\$15 million \$1 million
Repayments HOME loan repayments – same uses as HOME program funds. Housing Trust Fund loan repayments- Provide resources for Housing Resource Team and other “soft” housing development costs.	\$229,000	\$2 million
Community Development Community Development Block Grant ^{1/} Annual ^{2/} Bi-Annual, July 1999-June 2001 ^{3/} HOPWA also contributes to homeless prevention initiatives	\$16 million	

Leveraging Match

OCD will evaluate and analyze each proposal for HOME and ESGP funds to ensure that a minimum federal subsidy is being used to develop each project and that federal funds will effectively leverage additional resources. Each proposal will be required to describe sources and uses for all project financing and to provide a line-item development budget and/or an operating pro forma. OCD will look for opportunities to leverage other non-federal funds, if available, and to use other federal subsidies identified for development and on-going operations, if appropriate. For example in HOME, other federal subsidies will be used if such subsidies help to maintain affordable housing projects by providing sufficient reserves for both replacement and operating costs.

HOME eligible match sources will be tracked on a project basis and reported annually. Match sources can include state Housing Trust Fund (HTF) when targeted to HOME-eligible activities and meet HOME match requirements.

Matching requirements for ESGP will be met by funds identified by local jurisdictions that are committed to housing and services for the homeless.

While the CDBG Program has no match requirements, leveraging is strongly encouraged through the rating and selection process. The current program year average for the period since 1995 provides a leveraging rate that is over two to one. In program year 1999, contract awards totaling \$12,997,280 leveraged over \$34,849,692 of other funds.

Geographic Distribution

The major geographic distinction that affects the allocation of funds is between the state's major urban centers, most of which are also participating jurisdictions for HOME funding and formula jurisdictions for ESGP funding, and the smaller cities and rural areas of Washington. The urban centers, especially the Seattle-Tacoma metropolitan area, have a number of strong, experienced, non-profit housing developers and advocates. These cities have been able to raise local funding for housing and to develop innovative projects and programs.

In smaller cities and rural areas, excellent work has also been done especially with the help of technical expertise provided by OCD. The WSHFC policies encouraging the use of single-family mortgage revenue bond programs and tax credits in rural areas have also provided increased capacity in small cities and non-metropolitan counties. However, capacity building remains a major need in these areas. Local coalitions and non-profits need assistance in all stages of housing development; that is, getting organized, assessing needs and market, raising operating funds, putting together project financing, managing construction, and managing completed projects. State funding has been available for capacity building, but only in very limited amounts.

Funding for housing development in small cities and rural areas will be made available by:

- Targeting 30 percent of the funds in the state's Housing Trust Fund to rural areas.

- Prioritizing at least 80 percent of HOME funds for use outside participating jurisdictions, which receive separate HOME allocations from HUD.
- Continuing to use state CDBG programs to support housing planning and development in non-entitlement jurisdictions.
- Continuing to use ESGP in non participating jurisdictions.
- Continuing WSHFC policies that encourage the use of single-family mortgage revenue bonds and tax credits in small cities and rural areas of the state.
- Using 100% of HOPWA formula allocation funds in jurisdictions that are not part of major metropolitan areas currently receiving HOPWA allocations directly from HUD.
- Distributing funds from the state's Emergency Shelter Assistance Program and Transitional Housing Operation & Rental Assistance by formula allocation to all 39 counties.
- Allocating formula funds for federally funded weatherization services to 26 agencies serving all counties.
- Designing an allocation formula to distribute new transitional housing funds.

Aside from these funding targets, OCD does not set aside funds for particular regions at this time. OCD's experience has been that open funding programs or programs using competitive funding criteria serve the state best by allowing each area to organize and develop those projects that meet local needs. As a result of this policy, the CDBG Program has successfully provided funds in traditional low-income areas of the state such as the Yakima Valley, as well as resource dependent areas such as Grays Harbor, Pacific, and Okanogan Counties.

The WSHFC does set aside funds for particular categories of projects. For example, 15 percent of the per capita annual tax credit authority is set aside for projects located in one of 21 identified rural counties. The set-aside is intended as a means to address the priority needs of the state. Additionally, ten percent of the per capita annual tax credit authority is set aside for qualified nonprofit organizations.

Distribution of Funds to Address Priorities and Objectives

The highest priority will be dedicated to very low-income renter and homeowner households (those households earning 50 percent of median income or less) and paying more than 30 percent of their incomes for housing costs, as well as those people who are homeless. OCD has not identified any low priority activities, since we want to be supportive of any other community level efforts to respond to housing needs even if there are no federal or state funds currently available.

To address the above mentioned priority needs, OCD targets services and projects to very low-income households in the HOME program, and emergency shelter for people who are homeless in the ESGP programs.

As for meeting the objectives that were developed in response to the plan's needs and priorities, OCD uses a variety of mechanisms, including:

- Set-asides for specific activities, such as rental assistance and giving preference to projects that serve homeless people, farmworkers or people with developmental disabilities.

- Formula-driven allocations, such as the Emergency Shelter Assistance Program, the Home Repair and Rehabilitation Program and Weatherization Program.
- Competitive application processes, such as, the Housing Trust Fund and CDBG.

The Community Development Block Grant Program supports priorities determined by local governments, especially when they:

- Address needs of low- and moderate-income households.
- Are consistent with local comprehensive plans.
- Demonstrate potential for long-term positive impact.
- Address the root causes of economic distress.
- Encourage business development.
- Eliminate clear threats to public health and safety.
- Revitalize housing and neighborhoods.
- Plan for the needs of LMI; or,
- Provide needed public services to LMI households.

CDBG addresses the priority needs in two ways: by setting aside funds for specific activities, and by establishing rating criteria which allow priority projects to be funded. Public Services Grants help address the root causes of poverty and provide needed public services to LMI households. Planning Grants help plan for the needs of LMI people while supporting local priorities and establishing consistency with local comprehensive plans. The CDBG Community Investment Fund works as a partnership between local governments and federal and state agencies through the Washington Community Economic Revitalization Team (WaCERT). General Purpose Grants focus on providing assistance to local governments wishing to reduce financial burden to LMI people, eliminate clear threats to public health and safety, and revitalize housing and neighborhoods.

General Guidelines

Reallocated Funds

Reallocated funds are those that HUD has recaptured from a grantee and reallocated to the state. Reallocated funds that are received by the state with the annual grant will be made available to eligible jurisdictions through the 2001 funding distribution in accordance with the method of distribution described in this statement.

Recaptured Funds

Recaptured funds are those which are de-obligated by the state from local service providers and redistributed to ensure the maximum and best use of resources. It is OCD's policy to recapture (de-obligate) unspent grant dollars when it is clear that the recapture will not prevent a grantee from completing approved activities. Resources that are not used within established timeframes may be recaptured.

Program Income

Program income is any income generated from the use of OCD allocated funds, such as, proceeds from disposition of property, loan repayments with interest, and proceeds from sale of

loans. All program income accrued while a contract is still open and active must be used prior to drawing additional program funds from the state. Program income for active contracts must be accounted for on each reimbursement request. Income earned by the grantee as a result of project activities after project completion and after administrative closeout, retains its federal identity and must be reported to OCD annually if it exceeds \$25,000 in any calendar year.

The HOME Program

The 2001 HOME Program will be designed to meet the five-year Strategic Housing Plan priorities: housing supply for agricultural workers, maintaining housing options for persons with special needs, repair and rehabilitation of existing low-income housing stock, rental assistance, first-time homebuyers, new construction, and acquisition of rental housing. First time homebuyer projects will be funded with state capital funds rather than Home funds. Non-profit organizations, local governments, and Public Housing Authorities (PHA) will be able to apply to OCD for HOME funds.

Allocation of HOME Funds

- Ten percent of the HOME funds will be used for administrative expenses, as appropriate by program.
- Fifteen percent of HOME funds will be allocated to projects developed by Community Housing Development Organizations (CHDOs).
- At least fifteen percent will be used for Tenant-Based Rental Assistance (TBRA)
- Twenty-five percent will be used to fund the Home Repair and Rehabilitation Program (HRRP, *formerly Minor Home Repair Program*).
- The balance of HOME funds will be made available for all HOME-eligible activities with the exception of first time homebuyer projects, through a common application to the state's HTF programs and HOME.

Geographic Allocation and Priorities

Coordination with local governments will play a strong part in all of the HOME programs. OCD plans to prioritize the allocation of its HOME funds to those areas of the state that are non-participating jurisdictions.

In the event that applications received from those areas are of insufficient number and quality, OCD may provide HOME funds to projects located in participating jurisdictions.

- First priority: Jurisdictions that do not receive HOME or CDBG funds through entitlement.
- Second priority: CDBG entitlement jurisdictions that do not receive HOME funds directly from HUD.
- Third priority: HOME's participating jurisdictions (those jurisdictions receiving HOME funds directly from HUD).

HOME Program Descriptions

Home Repair and Rehabilitation Program (HRRP)

Activity:

HOME dollars will be used in conjunction with state, private, and federal weatherization and rehabilitation funds to perform:

- Up to \$2,000 for emergency repair.

- Energy efficiency, health, and safety improvements.
- Minor home repair to moderate rehabilitation.
- Substantial rehabilitation.

Eligibility:

- Single-family, owner-occupied dwellings
- Owners' incomes may not exceed 50 percent of the median income for their area.
- Property values after rehabilitation may not exceed 95 percent of the area's median purchase price.

Standards: Upon completion, each project must meet the HRRP Rehabilitation Standards established by OCD, except when an eligible household has an emergent need, such as a broken or leaky water heater, and the service provider:

- Must postpone complete repair and weatherization service to a later date; or,
- The client's home has been previously served for energy efficiency and repair and it already meets HRRP Rehabilitation Standards.

Minimum rehabilitation investment will be \$1,000 and an average cost per unit will not exceed \$15,000. In 2001, policies to allow occasional substantial rehabilitation will be developed. The objective of this program is to coordinate moderate rehabilitation and energy conservation to better meet the needs of low-income households in a cost-effective manner.

HRRP Fund Distribution: Only existing weatherization providers (community action agencies, housing authorities, and local governments) will be eligible to apply for these grants. At least 80 percent of HRRP funds will be allocated by formula to weatherization providers not located within participating jurisdictions. Any remaining funds may be made available on a competitive basis to all weatherization providers; however, preference will be given to agencies in non-participating jurisdictions.

Tenant-Based Rental Assistance

Activity: The Tenant-Based Rental Assistance Program (TBRA) will be administered in collaboration with local Public Housing Authorities and organizations that have experience in administering a Section 8 or tenant-based rental assistance program. TBRA funds may be used to pay for up to 24 months of rental assistance, as well as security deposits, for qualified households, including households participating in a self sufficiency oriented program designed to get the household off of public assistance within 24 months

Tenant Selection: Households, including individuals, may be selected for the program by the TBRA contractor for participation of not more than 24 months duration. At least 90 percent of HOME funds will be used to assist families at 60 percent of the area median income and below for the area served by the program. The remainder of the funds may be used to assist families at 80 percent of the area median income or below. Eligible households residing in units that are designated for rehabilitation with local HOME funds may also be selected for assistance.

Payment: Assistance will be provided through contract between the owner and the TBRA contractor and a rental lease between the owner and the assisted household.

Monitoring: OCD will monitor the progress of the program through HUD's data collection and cash management systems and periodic on-site monitoring visits to the TBRA contractor.

Contract Terms: The term of the rental assistance contract will not exceed 24 months. The rental assistance contract will begin on the first day of the term of the lease and will terminate on the last day of the lease. All leases will comply with the requirements specified in section 92.253 (a) and (b) of the federal rules (24 CFR Part 92).

Rent Reasonableness: TBRA contractors will be required to certify that rents are reasonable before they approve a family's unit for rental assistance per the requirements specified under the Code of Federal Regulations, 24 CFR 882, 106(b), and Chapter 6-5, HUD handbook 7420.7, Public Housing Agency Administrative Practices Handbook for the Section 8 Existing Program.

Maximum Subsidy Amounts/Rent Standard: The monthly housing assistance payment paid on behalf of a household will not exceed the difference between the rent standard for the unit size established by the TBRA contractor and 30 percent of the household's monthly adjusted income. The rent standard will not be less than 80 percent of the published Fair Market Rents (FMR) for the administering agency's service area, nor more than the FMR for the area.

The TBRA contractor will establish a minimum contribution that the household will pay for rent.

Housing Quality Standards: Housing occupied by a household receiving TBRA will comply with the performance requirements set forth in Section 982.401 of the federal rules for the program. In addition, the housing will meet the acceptability criteria set forth in Section 982.401, except for such variations as are proposed by the TBRA contractor and approved by HUD.

Fund Distribution: Funds will be awarded through a competitive Request for Proposal (RFP) process. The RFP will allow TBRA applicants the flexibility to design their own programs, provided they are in compliance with the requirements specified in the federal rules (24 CFR Part 92) and guidance promulgated by OCD. Applicants must demonstrate experience in the administration of a HOME TBRA Program or a Section 8 Rental Assistance Program to be considered for an award of TBRA funds.

The application and the recipient's administrative plan must discuss the unmet needs of the target population, and explain how the program will narrow the gap between needs and resources, and allow the household to attain self-sufficiency within 24 months. The applicant may not target a population in such a manner that would limit the opportunities of persons in a protected class (as defined by federal regulations and Fair Housing Laws).

New Construction

Activity: Construction funds will be used for new and recently completed housing projects. The maximum per-unit cost may not exceed HOME maximum per-unit subsidy amounts. Minimum length of commitments will be 25 years (longer than the 20-year HOME requirement). Newly constructed housing will meet Washington State Energy Code, which is more restrictive than the Model Energy Code.

Fund Distribution: The target population is households at or below 50 percent of the local area median income level. Funds will be distributed through a competitive application process, administered in tandem with the state HTF programs, that uses specific criteria to evaluate projects in four basic areas: conceptual soundness; financial feasibility; organizational capacity; and urgency and readiness. Applications are accepted semi-annually. The process provides substantial opportunity for technical assistance in the preparation of the proposal, allows maximum flexibility in the use of funds and is, therefore, most responsive to local needs. HOME dollars will be used for grants, deferred and amortized loans, and will be administered directly by the local government, housing authority, or nonprofit receiving the funds. OCD will be responsible for approval of all project draws through the certification of signed progress reports, building official inspections, or architect certificates of completion.

Acquisition: Acquisition funds will be used for acquisition and project-specific pre-development activities, including, but not limited to, architectural, engineering and legal fees, and acquisition of buildings not in need of rehabilitation. Acquisition subsidies and property values cannot exceed HOME limits. Minimum length of commitment will be 25 years (which is significantly longer than the 5, 10, and 15-year scale per the HOME regulations). All units will meet, at a minimum, HQS, Americans with Disabilities Act (ADA) requirements, applicable Section 504 and Fair Housing Act requirements, and all applicable local codes, ordinances, and zoning codes.

Fund Distribution: Refer to New Construction Section

Moderate and Substantial Rehabilitation

These funds will be used for rehabilitation of substandard or vacant dilapidated rental and homeowner-occupied single and multifamily rental structures. Rehabilitation subsidies and property values will not exceed HOME limits. Minimum length of commitment will be 25 years.

All units will meet, at a minimum, HQS, Americans with Disabilities Act (ADA) requirements, applicable Section 504 and Fair Housing Act requirements, and all applicable local codes, ordinances, and zoning codes.

Fund Distribution: Refer to New Construction Section

Community Housing Development Organizations

Role of CHDOs: Community Housing Development Organizations will play a strong role in the HOME program. Washington State is fortunate to have a significant number of nonprofit housing developers who meet the CHDO requirements, including a network of community action agencies throughout the state.

OCD has certified over 40 non-profit developers as CHDOs. OCD will continue its solicitation efforts during the 2001 program year.

Eligible Activities: CHDOs will use HOME funds for housing they develop, sponsor, or own. CHDOs will use funds to acquire and rehabilitate rental properties, construct special-needs housing, and for project-specific pre-development loans.

OCD will use funds to provide operating support for some CHDOs. OCD's pilot program is in its last year of operation. It provides a package of technical assistance and operating funds to four CHDOs in areas of the state that have been underserved by the state's Housing Trust Fund.

Affirmative Marketing Procedures

Subsection 92.341 of the HOME regulations requires affirmative marketing of the housing units assisted with HOME funds. OCD will extend this requirement to all rental units assisted, not just developments of five units or more.

As part of the application process for HOME funds, each proposal must describe the methods of affirmative marketing that will be undertaken as part of the HOME-assisted project.

OCD will take the following actions to provide information and otherwise attract eligible persons from all racial, ethnic, and gender groups in housing market areas to housing that is assisted by the HOME program funding:

1. All correspondence, notices, and advertisements related to HOME funds will contain either the Equal Housing Opportunity logo or slogan.
2. OCD will require participants in the HOME program to use affirmative fair housing marketing practices in soliciting renters or buyers, determining their eligibility, and concluding all transactions. Any HOME-assisted housing must comply with the following procedures for the duration of the applicable compliance period:
 - Project sponsor advertising of vacant units must include the Equal Housing Opportunity logo or statement. Advertising media may include newspapers, radio, television, brochures, leaflets, or may involve simply a sign in a window.
 - The project sponsor will be required to solicit applications for vacant units from persons in the housing market who are least likely to apply for HOME-assisted housing without benefit of special outreach efforts, including placing advertisements in minority-specific media.
 - The project sponsor must maintain a file containing documentation of all marketing efforts (copies of newspaper ads, memos of phone calls, copies of letters, etc.). Records to assess the results of these actions must be available for inspection by OCD.
 - The project sponsor must maintain a listing of all tenants residing in each unit at the time of application submittal through the end of the compliance period.
 - OCD will assess the affirmative marketing efforts of the project sponsor by comparing predetermined occupancy goals (based upon the area from which potential tenants will come) to actual occupancy data that the project sponsor is required to maintain. Outreach efforts on the part of the owner will also be evaluated by reviewing marketing efforts. Corrective action will be required of project sponsors if affirmative marketing requirements are not followed.

Minority and Women Owned Business Outreach

Title 24 of the Code of Federal Regulations (CFR) Subpart H, Subsection 92.351 (b)(5), requires the encouragement and use of minority and women-owned business enterprises in the implementation of HOME program activities.

Executive Orders 11625, 12432, and 12138 will provide the basis for the state of Washington's outreach and monitoring efforts to ensure that minority and women-owned enterprises are used to the greatest extent possible to provide services, materials, contractors, and other affiliated professions and occupations associated with all HOME-supported programs.

In the evaluation of competitive applications for HOME funds, OCD will rate each proposal on the extent of, and plans for, affirmative marketing to minority and women-owned businesses. Further, when appropriate, each application will identify the types of notices, bid procedures and direct outreach actions that will be taken to encourage minority and women owned business participation in contracting opportunities.

OCD will require funded applications, by contractual language, to undertake direct affirmative outreach measures to ensure the greatest possible opportunity for minority and women-owned businesses to compete for contracts within each phase of a HOME-funded project. This will include, but not be limited to, realtors, appraisers, lenders, architects, contractors, and property management firms. To assist HOME project sponsors in this regard, OCD will, upon request, provide each HOME recipient with the current listing of certified minority and women-owned businesses from the state's Office of Minority and Women's Business Enterprises. This listing will include all project-specific relevant professions and occupations within the geographic region where the project will be implemented.

Examples of bid advertisements and notices will be provided to HOME project sponsors to ensure ease of implementation and consistency of approach in the outreach efforts. Project sponsors will be encouraged to place advertisements in minority- and women-specific media whenever possible.

To maintain statistical data on outreach, use and participation of minority and women-owned businesses as contractors and subcontractors in HOME-assisted projects, sponsors will be required to identify firms contacted, bids received, contracts let, and dollars provided to such firms. Each HOME project sponsor will be provided the format for such reports to ensure consistency and ease of monitoring.

Every HOME contractor will be monitored and evaluated at contract closeout for this information as well as the associated back-up files and documentation. In addition, OCD will reserve the right to conduct on-site inspections and interviews to confirm the use of minority and women workers during the course of project completion.

EMERGENCY SHELTER GRANT PROGRAM

Allocation of Funds

The Emergency Shelter Grants Program (ESGP) funds will be made available to non-formula jurisdictions in the balance-of-state program areas served by OCD. The unit of general local government in which the proposed activities are to be located must certify that it approves the application and the proposed activities must be for eligible activities.

The Federal Fiscal Year 2001 allocation to Washington State will be approximately \$1,000,000. Applications will be solicited from all the eligible non-formula areas. The eligible non-formula areas are all cities and counties in the state of Washington except for the City of Seattle, City of Tacoma, City of Spokane, Snohomish County, King County, and Pierce County.

In an effort to unify and streamline state support of emergency shelter programs, ESGP funds will be allocated to eligible areas that submit complete applications based on a formula similar to the one used by the state Emergency Shelter Assistance Program (ESAP). The ESAP program distributes funding based on poverty and unemployment statistics, and provides a base level of funding to everyone.

To reduce the abrupt funding changes that a switch to a pure poverty/unemployment funding formula would cause, the formula will also include provisions to limit the percentage change in funding from the previous year. This will reduce the disruptions that would be caused by sudden funding changes.

Application Requirements

All applicants must have a Continuum of Care plan in place or have started to develop a plan in order to receive ESGP funds. Each applicant will need to submit an application that describes the types of activities that will be undertaken, the agencies who will provide services, and the budget for each participating agency. Each application will need to contain the following information:

- A clear statement of need for the use of allocated funds.
- An explanation of how proposed activities are consistent with the Continuum of Care plan.
- A clear description of activities, a cost-effective budget and a schedule.
- A list of program outcomes for each component or activity.
- The most recent audit for the lead agency contractor.

OCD will reserve the right to reduce or to redistribute a county's allocation, if insufficient information is provided in the application, ineligible activities are proposed, or if the lead agency contractor lacks a demonstrated capacity to administer the ESGP contract.

Eligible Activities

In an effort to integrate the state Emergency Shelter Assistance Program (ESAP) and the ESGP, the use of ESGP funds will be limited to providing operating support and essential services for emergency shelters. Since homelessness prevention services may be provided by ESAP and capital projects may be funded by the state's Housing Trust Fund program, the greatest need for

ESGP resources has been to provide operating support and services for emergency shelters. Applicants may choose to fund one activity or a combination, depending on the priorities in their local Continuum of Care plan.

Grant Awards

OCD will award grants and make funds available to approved applicant organizations within 65 days of HUD's approval of Washington State's application. The approved applicant organization may be a private, non-profit organization, a public housing authority or a local government serving as a lead agency contractor for the county. As the lead agency, the contractor will pass funds through to participating agencies in the county to provide eligible housing and homeless services.

Recaptured Funds

OCD will make any recaptured amounts available to other units of local government or non-profit organizations in non-formula areas as soon as possible after funds have been returned. There are two criteria for the distribution of recaptured funds: (1) the extent to which the applicant demonstrates an immediate and critical need for assistance in serving the homeless; and, (2) the extent to which the applicant can demonstrate the ability to use the funds promptly.

HOUSING OPPORTUNITIES FOR PEOPLE WITH AIDS PROGRAM (HOPWA)

Allocation of Funds

OCD will coordinate with the AIDSNET Regional Coordinators throughout the state to distribute the HOPWA funds allocated to the state on a formula basis. This strategy will allow for maximum flexibility and local control of the use of funds. Funding will be distributed to Washington State's AIDSNET regions based on the number of surviving AIDS cases in each county as reported by the Department of Health. OCD will reserve the right to adjust or redistribute a region's allocation if ineligible activities are proposed, insufficient information is provided in the application, or if an appropriate lead agency is not identified to administer the HOPWA contract in the local area. Counties that already receive formula allocations as an eligible metropolitan area (King, Snohomish, Island, and Clark as part of the Portland EMSA) will be excluded from this process.

Geographic Network

Service providers in each AIDSNET region will be responsible for collaborating in the selection of a lead agency for their region. The lead agency will organize a local process to decide how the regional HOPWA allocation will be used and which project sponsors will be selected to provide services. OCD will contract with the designated lead agency that will be responsible for passing funds through to the local project sponsor.

Eligible Activities

Eligible activities will be all those allowable under the HOPWA guidelines, including facilities and community residences, rental assistance, short-term payments to prevent homelessness, technical assistance, supportive services and other activities, subject to the standards and limitations provided in the regulations at Rule 574.300(b).

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG)

Allocation of Funds: CDBG funds received by the state of Washington for the program year will be distributed to eligible non-entitlement communities through the following programs and funds: CDBG Program General Purpose Grants; Housing Enhancement Grants; Community Investment Fund; Public Service Grants; Planning-Only Grants; Imminent Threat Grants; Supplemental Grants; Rural Washington Loan Fund Grants; Minority and Women-Owned Business Lending Initiative; CDBG Interim Finance Grants; Section 108 Loan Guarantees; and business lending funds. The maximum amount of funds available for each program is listed in Table 15A.

The Community Development Block Grant Program is designed to principally benefit low- and moderate-income persons by providing grants to cities and counties. Eligible activities to assist the state's WorkFirst (welfare reform) efforts to move people from welfare to jobs are encouraged. Examples include job creation, worker training, microenterprise development, and community facilities designed for training, daycare, and work skills development.

The state's CDBG resources are divided into six funds or programs, each of which uses a different method of distribution:

- The General Purpose Program distributes funds to eligible jurisdictions following an annual statewide competitive application process.
- The Public Service Fund is distributed using a funding formula to eligible counties that in turn rely upon Community Action Agencies as sub-recipients for administration and service delivery that benefits low-income individuals.
- Housing Enhancement Grants are available to combine with HTF grant requests for activities that are essential to a project's success but cannot be funded using other resources. Housing Enhancement Grants are also available for projects that support permanent and temporary shelter options for migrant farm workers. Applications are made in coordination with the HTF Program.
- Planning-Only Grants are distributed to eligible jurisdictions that address program priorities and meet standards established by CTED's Resource Team on a fund available basis.
- The Community Investment Fund distributes resources in support of locally identified projects that have emerged through the Washington Community Economic Revitalization Team priority process (WaCERT), or the Federal Rural Enterprise Initiative. Funded projects provide benefits to low- and moderate-income individuals through projects that are also significant on a sub-state regional or county wide basis in terms of economic diversification and community stability. Project selection is made on a funds available basis, using a collaborative process that includes federal, state, and local funding sources.

- A Contingency Fund is reserved to provide supplemental funding for projects that have unforeseen needs and for Imminent Threat grants to jurisdictions that are facing urgent needs beyond their ability to address. Awards are made on a funds available basis. In the event that funds which were planned to be distributed in one of the above described CDBG Programs remain unobligated or deobligated at the end of the program year they are added to the contingency fund. De-obligated funds are also added to this fund.

A complete description for each program or fund, including application requirements, eligibility guidelines, method of funding and award processes follows. For an estimate of the maximum amount available for each program or fund, see Table 15 below.

The actual distribution of funds available for the CDBG Program will be guided by the eligibility guidelines and selection criteria described in the 2001 application materials and handouts for the General Purpose, Housing Enhancement, Community Investment Fund, Imminent Threat, Planning-Only Grant and Public Service Programs. Additional final information will be available in the RWLF Guidelines, Minority and Women-Owned Business Lending Initiatives Guidelines, the Section 108 Loan Guarantee Guidelines, and the CDBG Interim Financing Project Qualifications. Not less than 70% of the CDBG funds received by Washington State during the past three years will be used for activities that benefit persons of low and moderate income. Each CDBG subprogram, including Section 108 Loan Guarantees, must demonstrate that at least 51 percent of the beneficiaries of each requested activity are low- and moderate- income persons or households.

Minimum Performance Standards

The Office of Community Development (OCD) reserves the right to deny application rating or funding when applications are submitted or when requests for funding are received involve eligible general purpose or special purpose units of governments with serious unresolved audit findings related to performance capacity.

Further, OCD reserves the right to postpone project contracting or to deny funding if there is a significant problem with previous grantee performance. In such situations, the grantee is responsible for development and initiation of corrective action satisfactory to OCD. Upon request, OCD will provide technical assistance to the community to help ensure timely completion of approved project activities.

2001 COMMUNITY DEVELOPMENT BLOCK GRANT

TABLE 1A:

DESCRIPTION OF PROPOSED USES (Estimated Resources)	MAXIMUM AVAILABLE
ADMINISTRATION General: State CDBG Program Administration is derived from a national HUD formula based on a percentage of each state's general allocation. (2% of state grant plus \$100,000) Technical Assistance (1% of state grant)	\$ 420,000 \$ 160,000
GENERAL PURPOSE GRANTS The amount indicated will be available for new grant awards. General Purpose funds that remain unobligated or are recaptured during the course of the program year will be added to the contingency fund.	\$ 8,420,000
PUBLIC SERVICES The amount indicated will be made available to Community Action Agencies by formula as pass through grants to counties. An amount up to the allowable 15 percent of the state's CDBG allocation will be made available for public service and WorkFirst activities, most of which will be provided to Community Action Agencies by formula.	\$ 1,800,000
HOUSING ENHANCEMENTS GRANTS The amount indicated is made available to provide flexible companion funding for applications to the Housing Trust Fund and projects identified by the governor's Farm Worker Housing Rapid Response Team. Housing Enhancement Grant funds which remain unobligated or which are recaptured during the course of the program year will be added to the Contingency Fund.	\$ 1,000,000
PLANNING-ONLY GRANTS The amount indicated will be available for new grant awards. Planning-Only Grant funds which remain unobligated or which are recaptured during the course of the program year will be added to the Contingency Fund.	\$ 300,000
COMMUNITY INVESTMENT FUND The amount will be used to support high ranked eligible projects that have demonstrated federal, state, and local collaboration and are of a county or regional significance. Community Investment Funds which remain unobligated or which are recaptured during the course of the program year will be added to the Contingency Fund.	\$ 3,500,000
CONTINGENCY FUND - Imminent Threat/Supplemental Grants This set-aside will be used to make Imminent Threat Grants, Supplemental Awards, and, if funding is available, may be used for projects that have applied to other CDBG programs or funds. Other funds that become available, such as those recaptured during the program year or remaining after planned distributions will be added to the Contingency Fund. Thus, the total amount available for Imminent Threat Grants and Supplemental awards may exceed \$400,000. Any unused balance remaining in the Contingency Fund at the end of the 2001 program year will be made available for distribution to 2001 CDBG projects. Funds received by the state in excess of the estimated award of \$16,000,000 will be included in the Contingency Fund and then distributed amongst the other CDBG funds and programs as needed.	\$ 400,000
TOTAL 2001 CDBG ALLOCATION	\$ 16,000,000

SECTION 108 LOAN GUARANTEES

Table 1B:

DESCRIPTION OF PROPOSED USES	MAXIMUM AVAILABLE
Section 108 Loan Guarantees The state of Washington will guarantee loans, for specific CDBG eligible activities, by pledging its future CDBG allocation, up to \$16,000,000, as security. This pledge does not immediately reduce the state's CDBG allocation.	\$16,000,000

RURAL WASHINGTON LOAN FUND

Table 1C:

DESCRIPTION OF PROPOSED USES	MAXIMUM AVAILABLE
Rural Washington Loan Fund The RWLF Program exchanges state appropriated funds with CDBG funds. This exchange of funds does not reduce the state's CDBG allocation	\$ 3,500,000

CDBG INTERIM FINANCE GRANTS

Table 1D

DESCRIPTION OF PROPOSED USES	MAXIMUM AVAILABLE
CDBG Interim Finance Grants Interim Finance Grants are short-term loans to businesses using the CDBG General Purpose and Community Investment Fund Grants committed to communities, but not expected to be drawn down for the duration of the interim grant.	\$ 11,500,000

Fiscal Year 2001 CDBG General Purpose Grants

Consistent with the overall mission of the CDBG Program, General Purpose Grants are generally made available annually, on a competitive basis, to assist eligible cities, towns, and counties in carrying out significant housing, economic development, community facilities, public facilities, and comprehensive projects which principally benefit low- and moderate- income persons.

In 2001, all applications for the General Purpose Grants will be considered according to their coordination and linkages with supporting activities and funds; the gap being filled with CDBG funds; the reduction of financial burden to low- and moderate-income households; and overall community need.

The maximum grant for General Purpose applications is \$750,000. The maximum grant for a Microenterprise activity, under the Economic Development category is \$150,000. A jurisdiction may apply for a General Purpose Grant and a Microenterprise Grant during the same funding round.

Amount of Funds Available

Approximately \$8,420,000 of funding is available during 2001 for General Purpose Grants.

Application Guidelines

Applications must **be submitted on or before November 16, 2000**. An application is considered submitted if it is postmarked or hand-delivered on this date and contains all the elements necessary to pass threshold review. Applications postmarked or hand-delivered after this date will not be accepted. A ranked funding list for grants funded with 2001 General Purpose Grant funds is scheduled for announcement no later than February 2001.

Application Requirements

- Each eligible jurisdiction may submit one General Purpose Grant application requesting up to \$750,000 in grant funds during the 2001 General Purpose Grant funding competition. One Microenterprise Grant application may also be submitted during the same funding cycle. OCD reserves the right to make a grant offer for more or less than the amount requested, up to the maximum grant amount.
- An applicant may request funds for a project in any one of five program areas: housing, economic development, community facilities, public facilities, and comprehensive. Each applicant must demonstrate that at least 51 percent of the beneficiaries of each proposed activity in the application are low- and moderate-income persons.
- Applications including a combination of related activities in one or more program areas are considered to be comprehensive. These projects are broader in scope or concept than projects principally addressing a single need or program area. The activities must be related and coordinated to achieve more results than would be possible when singly addressed.
- Detailed instructions and requirements for developing a General Purpose Grant proposal and application will be provided in the 2001 CDBG Program General Purpose Grant Application Handbook.

Eligibility Guidelines

Eligible Applicants

Eligible applicants are cities and towns with less than 50,000 population or counties with less than 200,000 population, provided the cities, towns, and counties **do not** participate as members of HUD Urban County Consortiums.

Indian tribes and special purpose organizations such as public housing authorities, port districts, community action agencies, and economic development councils, are not eligible to apply directly to the CDBG Program for funding. However, eligible jurisdictions may choose to serve Indian tribes within their jurisdiction or to involve the other organizations in the operation of projects funded under the program.

Eligible Activities

A variety of housing, community facilities, public facilities, public service, and economic development activities are eligible for CDBG General Purpose Grant funding. A complete listing of eligible and ineligible activities can be found in Section 105(a) of Title I of the Housing and Community Development Act of 1974, as amended, and 24 CFR Part 570.201.

Ineligible Activities

As a general rule, activities which are not specifically identified as eligible in Section 105(a) of Title I of the Housing and Community Development Act of 1974, as amended, and 24 CFR Part 570.201 are considered to be ineligible. Prospective applicants are encouraged to consult with CDBG Program staff if they have questions concerning the eligibility of proposed activities.

Method of Funding Distribution

The selection process for new General Purpose Grant proposals consists of three stages: threshold review; rating and selection; and announcing recipients.

Threshold Review

Threshold review is conducted to ensure that the application is complete and timely, administrative plans and assurances of compliance with applicable state and federal laws and requirements are included, and all required statements and certifications are adequate.

No points are awarded during this stage. Applications that fail to meet minimum threshold requirements **will not** advance to the rating and selection stage. Incomplete applications that meet the minimum threshold requirements will be rated based on the application received. When conducting the threshold review, CDBG Program Staff may contact the applicant to resolve threshold issues; however, new information will not be requested or accepted after the application deadline.

As part of the threshold review, each application will be screened to ensure that the appropriate maximum average CDBG cost per benefited household is not exceeded. The average CDBG cost per household benefiting must be equal to or less than the following:

Program Area	Maximum Average CDBG Cost Per Household
Housing	\$25,000
Economic Development	\$10,000
Community Facilities	\$10,000
Public Facilities	\$10,000
Comprehensive	Above amounts as applicable

Rating and Selection

The rating and selection consists of an evaluation of the community's actions to identify the most pressing problem affecting low- and moderate-income persons, evaluate and select possible solutions, and develop a reasonable project and ongoing budget as represented in the application.

Applications will be evaluated and scored by review teams in five separate groups corresponding with the five primary program areas of housing, economic development, community facilities, public facilities, and comprehensive. When applications containing unrelated activities in one or more program areas are received, the activities will be rated separately in appropriate program areas. The application's total score will be the sum of the proportionally weighted points awarded to each program area. Applications, including a combination of related activities in one or more program areas coordinated to achieve greater results than possible if addressed singly, are considered comprehensive and will be rated in that program area. OCD will consult with informed third parties including local, state, and federal agencies and may make site visits to assist in the rating and selection stage.

Applications receiving scores above the minimum score of 65 points will be awarded funding in rank order. Any remaining funds will be transferred to the Contingency Fund for distribution. Applications will be evaluated and assigned points based on the following:

	Maximum Possible Score	% Total
Problem/Opportunity Statement	25 points	25%
Outcome Statement	30 points	30%
Solution Statement	25 points	25%
Project Management Statement	<u>20 points</u>	<u>20%</u>
Total Maximum Score	100 points	100%

All applications will include the same elements; however, the basis by which points are awarded for each criterion will be different for each program area (i.e., housing, economic development, community facilities, public facilities, and comprehensive). Applications will be evaluated against the program standards identified in the following sections, as well as compared to those containing similar activities. The scores derived for each rating criterion are determined by evaluating the answers to the corresponding questions as listed below.

PROBLEM/OPPORTUNITY STATEMENT - 25 POINTS

Description of Problem/Opportunity

- Provide a concise description of the problem(s) or opportunity(s) that will be addressed by the project proposal.
- Why does this problem or opportunity exist?
- Reference source documents and their location within the application packet (i.e., Attachment I, Attachment II, etc.). When source documents exceed two pages, excerpt or summarize them and note the sources.

Severity

- Describe the severity of the problem or the significance of the opportunity on the community as a whole and on individuals in the community.
- Provide specific documentation to support hardships and risks to public health and safety.
- Explain whether corrective actions have been mandated by governmental regulatory agencies and attach evidence of these action/orders.

Impact

- Describe who is affected and the impact the problem/opportunity is having on the community, and cite sources;
- What would happen if nothing were done?
- What are the direct and indirect impacts on low- and moderate-income (LMI) individuals or LMI households? Include specific hardships caused by the problem for a typical household and low- and moderate-income persons.

Locally Identified Priority

- Describe the process which identified this project as a high level priority within the community.
- Has the need to address the problem been identified as a priority in local or regional plans, such as a capital facilities plan, comprehensive plan or community development plan? If yes, reference the documents. If they exceed two pages, excerpt or summarize them and note their location.
- Provide evidence that there is strong agreement among all interested parties that this is a local high-level priority project. Reference supporting documents. If they exceed two pages, excerpt or summarize them and note the source(s).

Rating Criteria

The Problem/Opportunity Statement will be evaluated on a comparative basis taking into account:

- The clarity of the description of the problem/opportunity, why it exists and documentation;
- The severity of the situation and, if mandated corrective actions have been ordered;
- A documented description of the impact on the community and LMI persons;
- The results if nothing were done;
- Whether the prioritization is consistent with past planning efforts; and
- Documentation of evidence that there is strong agreement among all interested parties for support of this project.

OUTCOME STATEMENT – 30 POINTS

Performance Measures

- For the project as a whole, of which CDBG may be a part, provide a description of the projects short-term and long-term end results.
 - Quantify and/or provide a means of measuring specific outcomes.
 - Identify the direct and/or indirect benefit of the project on both low- and moderate-income (LMI) persons/households and non-LMI persons/households.
- 1) How many LMI and non-LMI persons or households are affected by the problem/opportunity?
 - 2) How many LMI and non-LMI persons or households will benefit from the completed project?

Rating Criteria

The Outcome Statement will be evaluated on a comparative basis, taking into account:

- The clarity of the projects short-term and long-term end results;
- The benefit for both LMI and non-LMI persons or households; and
- The methods that will be used to measure specific outcomes.

SOLUTION STATEMENT – 25 POINTS

Project Design

- Provide a concise description of the proposed solution and how it directly addresses desired outcomes as described in the Outcome Statement.
- Describe how you determined the project's feasibility and why the proposed design was chosen as the best alternative to address the problem or opportunity.
- Have past planning activities focused on this problem or opportunity and, if so, how do these planning activities link up with the proposed solution?
- Has a clear technical solution been identified, and if so by whom and how was it developed?

Work Plan

The Work Plan integrates all application parts, explaining how the solution will be implemented.

- Provide a Work Plan Narrative Statement that explains why the individuals and/or organizations listed on the Work Plan Form were selected. Forms will be provided in the 2001 General Purpose Applicants Handbook.
- In the Work Plan Form include appropriate community involvement activities, including a final public hearing.
- If the grant were awarded, what additional actions would be necessary before the project could proceed?
- In the Work Plan Narrative Statement, list obstacles that might affect the success of the project if funded. Describe how your work plan addresses these obstacles.
- If site acquisition is required, document how site control has been or will be secured.

Resource Analysis

- Describe current and past efforts to identify, apply for, and secure local or other governmental resources and funds (including in-kind) and to develop partnerships, financial and non-financial, necessary to implement the proposed project.
- List funding sources which have been applied for, which have been committed, and the status of pending applications. Document funding already secured by attaching copies of commitment letters and referencing this documentation within the narrative.
- Describe the bonding/debt capacity of the applicant jurisdiction. If capacity exists to pay for all or part of this project, is that option being exercised and if not, why?
- Explain why it is appropriate for the project to receive grant funds.

Rating Criteria

The Solution Statement will be evaluated on a comparative basis taking into account:

- The relationship between the solution and the degree to which it will solve the problem;
- Whether the project is ready to proceed;
- Whether the project is feasible, cost effective and the best alternative;
- The completeness of the Work Plan Narrative and the Work Plan Form;
- The extent of financial and non-financial partners;
- The status of the commitment of local and other funding sources; and
- The relationship between the proposed solution and prior planning efforts.

PROJECT MANAGEMENT STATEMENT – 20 POINTS

Administration

- Describe the proposed administrative plan. The applicant should evaluate their current administrative workload and capacity and develop an appropriate strategy for implementing the project and managing the Community Development Block Grant and other funding sources.
- Describe the relationship between the jurisdiction and other project participants (i.e., contractors, consultants, organizations, citizen groups, and other governmental agencies) and how appropriate oversight will be maintained.
- Name key individuals/positions, consultants, or groups/organizations and describe the scope of their responsibility for project implementation and grant management. Identify who is responsible for each aspect of the project.

Budget

- Complete the budget forms and a narrative statement identifying general administration costs, project activity costs, and funding sources. Completion of an Operations Budget Form is necessary if the project involves construction or expansion of a public facility.
- Detailed assumptions for each line item must be provided in the budget narrative section.

Rating Criteria

The Administration and Budget Statement will be evaluated on a comparative basis taking into account:

- Whether the administrative plan is realistic in light of the jurisdictions capacity;
- The planned relationships among project participants and appropriateness of assigned responsibilities; and
- The thoroughness of the budget narrative and the budget forms.
- Whether the budget is appropriate and realistic given the scope of the project as described.

Announcing Recipients

When the rating process is complete, funding recommendations will be made to OCD management for those most highly ranked projects up to the total amount of funds available for 2001 General Purpose Grants. After receiving management approval, legislators will be notified and all applicant communities will receive written notice of rating process results.

Fiscal Year 2001 Public Services Grants

The Office of Community Development provides a portion of its annual CDBG award for Public Service Grants to eligible counties and Community Action Agencies (CAA). Funding allocations will be made on a formula basis and contracts established with an eligible county interested in working with a CAA as a sub-recipient. It is possible for eligible jurisdictions to apply for all other CDBG Program funds within the same program year.

Amount of Funds Available

A fund of approximately \$1,775,000 (total funds available will not exceed 15 percent of the full 2001 CDBG Grant from HUD), has been set aside for the purpose of making Public Service Grants available on a formula basis to CAAs serving non-entitlement communities through their local eligible county.

Application Guidelines

Application Deadline

Counties and their CAA sub-recipients will be invited to apply for awards for the 2001 program year. Contracts must be complete prior to disbursement of 2001 funds.

Application Requirements

- Application materials will be made available no later than October 2, 2000.
- Funding will be made on a formula basis as determined to be consistent with agreements forged with CAAs by administrators of the Community Services Block Grant staff and approved by the U.S. Department of Health and Human Services.
- Applicants for formula grants must meet all CDBG submittal requirements before contracts will be fully executed. This includes Section 102 Disclosure Report Form, public hearing, and other CDBG requirements.

Eligibility Guidelines

Eligible Applicants

Eligible applicants for the Public Services Grants are counties serving all or a portion of the local CAA's service region as long as none of the service region contains counties with more than 200,000 population and the county does not participate in the HUD Urban County Consortiums.

For CAA's that serve both entitlement cities within a non-entitlement county, CDBG funds will be used for eligible programs that target and benefit residents of the non-entitlement areas.

Minimum Performance Standards

OCD reserves the right to postpone project contracting if there is a significant problem with previous grantee performance. Upon request, OCD will provide technical assistance to the community to help ensure timely completion of approved project activities.

Eligible Activities

CDBG Public Service Grants may be used for a variety of public service activities, which focus on the needs of low-income persons in the community. A complete listing of eligible activities can be found in Section 105 (a) of Title I of the Housing and Community Development Act of 1974, as amended through 1994, and 24 CFR 570.201(e). In general, the eligible public service activities are those which are directed toward improving the community's public services and facilities, including but not limited to those concerned with:

- Employment
- Crime prevention
- Child care
- Health
- Drug abuse
- Education
- Fair housing counseling
- Energy conservation
- Welfare
- Recreational programs

Ineligible Activities

In general, any activity not described in the reference above or any activity that does not benefit low-income persons is ineligible for consideration. In addition, CDBG Public Services Grants may not be used to fund:

- Political activities.
- Payments to individuals for their food, clothing, utilities, or other income payments.
- Capital costs.

Method of Funding Distribution

Of the state's 31 CAAs, 15 serve clients in non-entitlement counties. The Community Services Block Grant Program (CSBG) which had a significant reduction in funding established a funding formula with the state's CAAs. This formula is described in the 2001 Washington State Plan for the CSBG Program. To retain the formula's integrity yet provide CDBG funds to non-entitlement communities only, a distribution schedule was developed in which all CAA's would receive about the same amount of funding under the formula. A listing of the Washington State Community Action Agencies and formula distribution is on the following Table.

New Applicants for Program Year 2001

In the event that a new jurisdiction is included in the formula funding during program year 2001, and is consequently not eligible to receive supplemental resources as provided above, a new contract will be established using the guidelines and provisions established for supplemental awards.

TABLE 2: 2001 CDBG PUBLIC SERVICE CONTRACT AMOUNTS				
County	Sub-recipient Community Action Agency	COUNTY ADMIN \$	CAA TOTAL	CDBG Total
Asotin	Community Action Agency, Idaho	3,000	34,244	37,244
Chelan	Chelan/Douglas CAC	3,000	128,937	131,937
Cowlitz	Lower Columbia CAC	3,000	127,131	130,131
Grant	North Columbia CAC	3,000	143,625	146,625
Grays Harbor	Coastal Community Action Program	3,000	141,906	144,906
Jefferson	Clallam/Jefferson CAC	3,000	124,646	127,646
Kittitas	Kittitas County Action Council	3,000	99,009	102,009
Okanogan	Okanogan County CAC	3,000	110,672	113,672
Skagit	Skagit County CAA	3,000	119,135	122,135
Skamania	Klickitat/Skamania Development Council	3,000	95,214	98,214
Stevens	NE WA Rural Resources Development Assn.	3,000	115,150	118,150
Thurston	CAC of Lewis, Mason & Thurston Co	3,000	99,675	102,675
Walla Walla	Blue Mountain Action Council	3,000	116,009	119,009
Whitman	Community Action Center	3,000	110,318	113,318
Yakima	Yakima Valley Farm Workers	3,000	164,329	167,329
TOTALS		\$45,000	\$1,730,000	1,775,000

Program Year 2001 CDBG Housing Enhancement Grants

CDBG Housing Enhancement Grants are made available to provide flexible companion funding for competitive applications to the Housing Finance Unit (HFU) and projects identified by the Governor's Farm Worker Housing Rapid Response Team. The purpose of the Housing Enhancement Grant Program is to streamline the financing of eligible housing projects by preventing the need to wait until a General Purpose funding cycle in order to receive CDBG assistance. CDBG Program funds will be available for those projects located in eligible jurisdictions, and when the local jurisdiction agrees to support the project. It is possible for eligible jurisdictions to apply for all other CDBG Program funds within the same program year.

Amount of Funds Available

A fund of up to \$1,000,000 will be set aside for the purpose of making Housing Enhancement Grants available to be used with funded Housing Finance Unit and Governor's Farm Worker Housing Rapid Response Team projects. Priority will be given to projects submitting an application to the HFU. Funds will be distributed throughout the CDBG program year. Any unused funds at the end of the program year will be transferred to the Contingency Fund for distribution.

Eligibility Guidelines

Eligible Housing Enhancement Grant Recipients

Eligible recipients of Housing Enhancement Grants are cities and towns with less than 50,000 population or counties with less than 200,000 population provided that the cities, towns, and counties **do not** participate in HUD Urban County Consortia.

Applicants to the companion funding sources which are not eligible to receive CDBG funds directly, such as nonprofit community or neighborhood-based organizations, local housing authorities, tribal housing organizations, and regional or statewide nonprofit housing assistance agencies, may seek access to the CDBG Housing Enhancement Grants through the eligible city or county where the project is located.

Application Guidelines

Application Deadline

CDBG Housing Enhancement Grants are made in accordance with the Housing Finance Unit application processes. Announcements of CDBG funding reservations will be announced in coordination with the companion funding sources.

Application Requirements

Housing Enhancement Applications should address the following areas for review:

- Funding gap analysis that identifies the need for CDBG funds and explains why other sources are not available to fill the identified gap.
- Certifications by eligible applicant jurisdiction demonstrating completion of federal citizen participation and disclosure requirements.

Minimum Performance Standards

OCD reserves the right to deny application funding when submitted applications involve eligible general purpose or special purpose units of government having serious unresolved audit findings related to performance capacity. Further, OCD reserves the right to postpone project contracting or to deny funding if there is a significant problem with previous grantee performance. In such situations, the grantee is responsible for development and initiation of corrective action satisfactory to OCD. Upon request, OCD will provide technical assistance to the community to help ensure timely completion of approved project activities.

Eligible Activities

CDBG Housing Enhancement Grants may be used for a variety of activities in support of housing which focus on the needs of low-income persons. A complete listing of eligible activities can be found in Section 105 (a) of Title I of the Housing and Community Development Act of 1974, as amended. In general, the eligible activities include:

- Rehabilitation or acquisition of low-income housing units;
- Mortgage subsidies in rehabilitated multifamily units;
- Acquisition of currently low-income housing units to preserve as low-income shelter;
- Clearance of sites for use or resale for new housing;
- Site improvements;
- Shelters for the homeless;
- Technical assistance, design and finance services, consultation, and administrative costs for eligible nonprofits, provided that assistance is directed toward construction or rehabilitation of housing;
- Pre-development costs, such as planning, engineering or feasibility studies, asbestos surveys, appraisals, and other services, fees and costs when related to the proposed housing project;
- Activities in support of new construction housing such as infrastructure and land acquisition; and
- Tax credit finance and/or commercial development when those activities will make the project more feasible.

Ineligible Activities

In general, any activity not described in the reference above, or any activity which does not benefit low-income persons, is ineligible for consideration. In addition, CDBG Housing Enhancement Grants may not be used to fund:

- New housing construction (including service connections)
- Costs of equipment
- Furnishings
- Personal property not an integral structural fixture such as window air conditioners, washers, or dryers
- Installation of luxury items, such as a swimming pool

Method of Funding Distribution

The selection process for CDBG Housing Enhancement Grant applications consists of two stages (1) Companion funding sources' evaluation; and (2) CDBG evaluation.

Companion Funding Source Evaluation

Applications will first be reviewed using the applicable guidelines. Applications for Farm Worker Housing that are referred to OCD by the Governor's Farm Worker Housing Rapid Response Team will be evaluated using CDBG and HFU guidelines.

Award Requirements

- Application is approved for funding from the Housing Finance Unit Governor's Farm Worker Housing Rapid Response Team.
- Jurisdictions applying for Housing Enhancement Funds must meet federal citizen participation and disclosure requirements.

CDBG Evaluation

When applications to the companion funding sources have been evaluated and are ready for funding, they will be reviewed to determine if CDBG Program funds can be appropriately used in the project. Projects located in eligible jurisdictions will be funded when CDBG funding is available and appropriate. Consideration will be given to funded projects having the following characteristics:

- Project is located in an eligible city or county;
- CDBG funds will fill a financing gap;
- CDBG funds cover costs that cannot be paid for by other funding sources; and
- The amount required does not exceed \$1,000,000.

When a project is identified for consideration, program staff will notify the funding agency, housing developer, and the local jurisdiction.

Eligible jurisdictions will then be informed of the potential grant offer and given an opportunity to participate with the applicant in the project by:

- Meeting the federal citizen participation requirements, including conducting a public hearing;
- Agreeing to comply with the required federal and state certifications; and
- Agreeing to be responsible for the CDBG portion of the project.

Fiscal Year 2001 CDBG Planning Grants

The state CDBG Program can respond to locally-determined planning priorities through a variety of methods, including technical and financial assistance. Financial assistance for planning activities can be accessed as part of a comprehensive CDBG grant in direct support of a construction or housing project; as an Imminent Threat Grant in direct response to an urgent public health and safety need; or, most commonly, as a stand alone Planning-Only Grant. The state will ensure that the aggregate funding of these planning activities will stay within the state's 15% of HUD's annual award cap for planning and administrative costs.

The purpose of funding local planning activities is to increase the capacity of small cities and rural counties to move forward on the implementation of priority projects which principally benefit low- and moderate-income persons. This increased capacity could be the result of:

- Essential knowledge gained,
- Local consensus achieved,
- Regulatory prerequisites met, and/or
- Necessary partnerships developed.

The CDBG Program seeks to achieve a measurable return on the investment of planning funds through cost-savings with implementation. Examples include:

- Determining feasibility before investment of construction funds.
- Identifying and addressing obstacles that could result in cost-overruns project delays or project failure.
- Considering and testing less expensive alternatives.
- Building consensus between local stakeholders or with regulatory agencies, reducing potential legal battles or project delays.
- Building local support and leveraging local resources, especially through long-term fiscal planning.
- Identifying regional partners and shared objectives to reduce duplication of effort.
- Establishing outcome measurements to guide and demonstrate successful implementation.
- Proactively addressing a problem, instead of reactively responding to a more expensive crisis in the future.

The methods for accessing funds for planning activities other than through a Planning-Only Grant application process can be found in the respective funds' sections of this Action Plan.

CDBG Planning-Only Grants

Program Goal

To support eligible small communities and rural counties in carrying out planning activities that lead to the implementation of priority projects which principally benefit low-and moderate-income persons. Technical and financial assistance, through direct support and/or in partnership with other OCD & OTED programs, is available to achieve this goal.

Program Purpose

All CDBG Planning-Only Grant projects must meet one of two following national objectives of the CDBG Program (Title I, Housing and Community Development Act of 1974, as amended):

National Objectives

- To principally benefit persons of low- and moderate-income
- To prevent or eliminate slums or blight

Program Priorities

In addition, the project must address one or more of the Planning-Only Grant program priorities:

- To address public health and safety issues
- To improve essential services to low- and moderate-income persons
- To complete a necessary step within a broader community development strategy

Funding Levels and Schedule

A fund of \$300,000 is available in 2001. Planning grants are limited to \$24,000 for a single applicant or \$40,000 for a joint application involving two or more eligible jurisdictions that share a common planning need. Pre-Applications are accepted and reviewed throughout the year, with awards made on a funds available basis.

Eligible Activities

The CDBG Program works collaboratively with other OCD & OTED Programs to provide technical and financial assistance for a wide range of planning activities. In general, the eligible planning activities include:

- Studies
- Analyses
- Data gathering
- Identification of implementing actions
- Preparation of plans

A complete listing of eligible planning activities can be found in Section 105 (a) of Title I of the Housing and Community Development Act of 1974, as amended; and 24 CFR 570.205.

Ineligible Activities

In general, any type of activity not described in the reference above is ineligible for consideration. In addition, CDBG Planning-Only Grants may not be used to fund:

- Engineering, architectural, and design costs related to a specific activity;
- Actual blue prints;
- Direct development of an application to any of the CDBG Program funds; or
- Other costs of implementing plans. (These costs may be eligible for CDBG funding as part of a CDBG construction grant.)

Method of Funding Distribution

The method of funding distribution and the basis for selecting applications for funding are outlined in the following steps of the Pre-Application and Application Processes:

1. Jurisdiction completes and submits Pre-Application Form.
2. Pre-Application passes or does not pass the CDBG Screening process, including -
 - Project addresses a program priority(s)
 - Project meets a national objective
 - Eligible applicant(s)
 - Eligible planning activity(s)
 - CDBG is the most appropriate funding source
3. CTED Resource Team reviews the request and considers technical and financial assistance options.
4. CDBG Program invites the jurisdiction to apply or alternative options are identified.
5. Jurisdiction submits an application, including:
 - Threshold documentation and certification of compliance
 - Narrative
 - Work Plan
 - Budget
6. CDBG Program reviews application, including:
 - Threshold requirements are met, including public hearing documentation and an Interlocal Agreement (for joint applications only).
 - Narrative describes a compelling need/opportunity, community support for the proposed activity, clear outcomes to be achieved, and readiness to proceed.
 - Work Plan is thorough and well-conceived, including relationship with sub-recipients or consultants.
 - Budget is reasonable and complete, with appropriate leveraged resources.
7. Jurisdiction receives an award letter and begins the contracting process.

Award Review and Selection Criteria

To be funded, the Application requires complete and compelling responses to the following items, as applicable:

1. Opportunity/Problem Statement

- What is the opportunity, problem, or need the proposal seeks to respond to or address?
- Who or what is most affected by the opportunity, problem, or need? How are low- and moderate-income persons impacted?

- Is the project urgent or does it address a public health and safety issue? Is the project responding to a state or federal mandate?
- How was this project identified as a high level priority within the community? If it is not identified as the highest level priority, explain why. Demonstrate strong support and agreement for the project at the local level.
- How was the proposed planning project developed? Include key people, target groups, or organizations consulted, and the process used to involve the public.
- Is this project the result of a local or regional strategic planning effort? If you have an existing plan, summarize the key points as they relate to the proposal.

2. Outcome Statement

- What are the short- and long-term outcomes of the proposed planning project? List the final product(s) to be produced as a short-term outcome.
- How will the proposed plan benefit the community and low- and moderate-income persons? This can include both direct and indirect benefits.
- Quantify and/or provide a means of measuring specific outcomes, including the return on investment.

3. Solution Statement and Work Plan

- Clearly describe the planning project and explain why the order, timing, and assignment of responsibility (as listed in the Work Plan) are appropriate.
- What is the basis for the approach taken? What alternatives were considered?
- How and when are the community or other interested parties involved in the solution and work plan activities? Include the required final public hearing, and review and approval process by stakeholders and governmental body.
- What other resources are contributing to the solution and what is the status of these resources (i.e. being applied for, committed)?
- Explain how the proposed solution clearly addresses the stated Opportunity/Problem and will result in the stated Outcomes?
- List obstacles which might affect the success of the planning project if funded, and describe how your work plan addresses these obstacles.
- In the Work Plan Form, list the tasks and time frames described in the Solution Statement. Also, name the individual(s), consultant(s), or organizations responsible for carrying out each task.

4. Project Management and Budget

- What is the proposed administrative plan for implementing the project and managing the funds?
- Describe the relationship between the jurisdiction and other project participants (i.e. contractors, consultants, organizations, citizen groups, and other governmental agencies) and how appropriate oversight will be maintained.
- Name key individuals/positions, consultants, or groups/organizations and describe the scope of their responsibility for project implementation and grant management.
- Submit a Budget Form. In the Budget notes, describe the source, basis, and method of obtaining budget costs, including elements of a consultant's bid. Ensure amounts add up, resources are identified, and reviewer can reconstruct the budget from the written explanation.
- Only invited applications will be reviewed. Projects will be reviewed and funded on a first-come, first-serve policy.

Joint Applications

When two or more eligible jurisdictions are located in the same region and share a common planning need, they are encouraged to seek cooperative solutions by preparing a joint application. An Interlocal Agreement, signed by each participating jurisdiction, must be submitted with the threshold documentation, if an invitation to apply is extended. Jurisdictions considering a joint application are encouraged to contact the CDBG Program to review eligibility and approval of expanded budget.

Relationship between Planning-Only Grants and other CDBG Funds

An eligible jurisdiction can apply for more than one type of CDBG funding or for more than one Planning-Only Grant within the same year. However, a jurisdiction (including a jurisdiction participating in a multiple jurisdiction project) will not be awarded more than one Planning-Only Grant per year, so the planning project of highest priority should be submitted first.

A Planning-Only Grant cannot fund the direct development of another CDBG application, although some activities which could support a subsequent application are eligible for Planning-Only Grant funding. Receipt of a Planning-Only Grant *does not* guarantee that a related CDBG application will be funded.

Minimum Performance Standards

OCD reserves the right to deny funding when submitted applications involve eligible general purpose or special purpose units of governments with serious unresolved audit findings related to performance capacity.

Further, OCD reserves the right to postpone project contracting or to deny funding if there is a significant problem with previous grantee performance. In such situation, the grantee is responsible for development and initiation of corrective action satisfactory to OCD. Upon request, OCD will provide technical assistance to the community to help ensure timely completion of approved project activities.

Fiscal Year 2001 Community Investment Fund Grant

CDBG Community Investment Fund Grants provide eligible jurisdictions the opportunity to access funds throughout the year for their priority community and economic development projects. Targeted technical assistance will be provided prior to and with each commitment of resources. The commitment of resources will be reserved for those high priority, ready-to-proceed projects that need grant funding to be feasible and primarily benefit low- and moderate-income individuals.

Participating in the design and funding of community projects in this way represents a departure from the traditional competitive method of distributing CDBG funds. To facilitate this approach to project development, technical assistance will be provided to interested communities with high priority projects through the Washington Community Economic Revitalization Team (WaCERT) scoping process, and on-site visits.

Eligible applicants participating in the WaCERT and the Rural Enterprise Community programs will be given priority funding preference. In each of these programs, projects have been identified and prioritized through an inclusive county-wide selection process. Applications will be accepted for projects that have been identified as regionally significant through a collaborative process that includes representatives from federal, state, and local governments.

Eligible jurisdictions can apply for CDBG Community Investment Funds and all other CDBG Program funds within the same program year.

Amount of Funds Available

A fund of \$3,500,000 has been set aside for the purpose of making Community Investment Fund Grants available to eligible local governments. Any remaining funds (not obligated) at the end of the program year will be carried to the next program year for use in the Contingency Fund.

Pre-Application Guidelines

Pre-Application Windows

Pre-Application windows will coincide with the WaCERT Process. High ranked applications (top 3 un-funded projects) received by the WaCERT will be given priority consideration for CDBG funding during a scoping process.

Pre-Application Requirements

Pre-applications will consist of the two page project summary as required by the WaCERT.

Scoping and Follow-up

High ranked, un-funded applications will be “scoped” by members of the WaCERT Economic Development Sub-committee and/or the CTED Resource Team to learn more about the project and determine the stage of readiness for the purpose of suggesting possible funding and appropriate technical resources. A project can be a high priority project without being “ready.” A project is “ready” when it has a well-defined scope, plan, reliable budget, strong community support, and no problems that would prevent implementation soon after funds are committed.

Eligibility Guidelines

Eligible Applicants

Any CDBG eligible non-entitlement jurisdiction that is participating in the federal Rural Enterprise Community Program or WaCERT priority process is eligible to apply for a CIF grant.

Eligible cities and towns are those with less than 50,000 population or counties with less than 200,000 populations provided the cities, towns, and counties **do not** participate as members of HUD Urban County Consortiums.

Indian tribes and special purpose organizations such as public housing authorities, port districts, community action agencies, and economic development councils are not eligible to apply directly to the CDBG Program for funding.

Minimum Performance Standards

OCD reserves the right to deny funding when submitted applications involve eligible general purpose or special purpose units of governments with serious unresolved audit findings related to performance capacity.

Further, OCD reserves the right to postpone project contracting or to deny funding if there is a significant problem with previous grantee performance. In such situations, the grantee is responsible for development and initiation of corrective action satisfactory to OCD. Upon request, OCD will provide technical assistance to the community to help ensure timely completion of approved project activities.

Eligible Activities

A variety of public facilities, economic development, housing, and community facility activities are eligible for CDBG Community Investment Fund Grants. A complete listing of eligible and ineligible activities can be found in Section 105(a) of Title I of the Housing and Community Development Act of 1974, as amended, and 24 CFR Part 570.201.

Ineligible Activities

As a general rule, activities which are not specifically identified as eligible in Section 105(a) of Title I of the Housing and Community Development Act of 1974 are considered to be ineligible. In addition, CDBG funds may not be used for general conduct of government business; to pay for lobbying activities, to purchase equipment, or to purchase, construct, or improve buildings used for the general conduct of government.

Method of Funding Distribution

The selection process for the CIF Grants proposals consists of several stages including pre-application submittal, preliminary scoping, on-site resource team meetings with prospective applicant community, invitation to submit application, threshold review, and project evaluation.

Pre-application Submittal

- Pre-applications will consist of the two-page project summary, county priority ranking, and signature as required by the WaCERT .
- Any funded CIF grant must principally benefit low- and moderate-income persons. “Principal benefit” is defined as 51 percent benefit to low- and moderate-income persons as determined by HUD’s 1990 census or CDBG approved community survey.
- A CIF grant applicant must meet HUD’s requirements for citizen participation.

Preliminary Scoping

A scoping agent will be assigned to conduct an on-site preliminary scoping. During this period, the project will be reviewed, inspection made, and a preliminary assessment of the project’s readiness to proceed. A project is “ready” when it has a well-defined scope; reliable budget, strong community support, and no problems that would prevent implementation soon after funds are committed.

CTED Resource Team

The CTED Resource Team will review all potentially funded projects. Discovery Forms will be submitted for potential projects outlining the project description, amount of funding needed and secured already, who is involved, etc. In some instances, additional scoping work is required.

When presented to the Resource Team, a decision is made as to the type of support to provide. Criteria for acceptance are in Table 15.

The CTED Resource Team will review all potentially fundable projects. A Discovery Form summarizing the project, priority on the WaCERT list, key contact, amount of funding needed, and secured accompanies each project considered by the Resource Team. When presented to the Resource Team, a decision is made as to the type of assistance to provide - technical assistance, some project funding, or no funding. When the Resource Team approves a project for funding, a letter is sent to the applicant, with a CIF application, inviting the jurisdiction to complete and submit the application.

Application Submittal

Upon receiving an invitation to submit an application, the jurisdiction will receive application materials.

- To be funded, a CIF application must demonstrate principal benefit to low- and moderate-income persons. “Principal benefit” is defined as 51 percent benefit to low- and moderate-income persons.
- A CIF grant applicant must meet federal citizen participation requirements.

Application Elements

All applications will include the same elements. Applications will consist of the jurisdictions response to the rating and selection criteria used for the General Purpose Program Application Guideline, in addition to the required CDBG forms and certifications. The basis for which points

are awarded for criteria will differ for each eligible program area (housing, economic development, public facilities, community facilities, and comprehensive). Applicants must receive a minimum score of 65 points to be eligible for funding. Maximum possible scores for each evaluated element is as follows:

	Maximum Possible Score	% Total
Problem/Opportunity Statement	25 points	25%
Outcome Statement	30 points	30%
Solution Statement	25 points	25%
Project Management Statement	20 points	20%
Total Maximum Score	100 points	100%

Project Evaluation

Only applications from jurisdictions that have been invited to apply will be reviewed. All CIF projects are reviewed on a first come first served basis. Critical elements of the project evaluation process includes a determination that:

- The project is ready to be fully implemented;
- The project principally benefits low and moderate income persons;
- The application meets the programs high score standards of 65 out of 100 points.

TABLE 3: RESOURCE TEAM CRITERIA (Updated 8/17/00)

	RT	OGDF	GORGE	CDBG CIF	CERB RNR	DLF	ROF
PROJECT IS LOCATED IN A:	ANY						
• Designated Distressed Area		X*				X	
• Designated RNR Area or Rural County				X	X	X	X
• Designated Rural Enterprise Community				X			X
• Designated Columbia River Gorge NSA County (with approved local ordinances)			X				X
THE PROJECT:							
• Leverages other resources	X	X	X		X	X	X
• Fills a funding gap	X	X	X	X	X	X	X
• Stimulates new investment and increases economic and employment opportunities for residents	X		X		X	X	X
• Contributes to diversification, expansion, or stabilization of the community's economic base	X	X	X		X	X	X
• Helps build or enhance local economic development capacity	X		X		X		X
• Is a local priority in relation to other economic development needs in the county	X	X	X	X	X		X
• Is ready to proceed	X			X	X		X
• Principally benefits low- to moderate-income people				X		X	
• Meets needs of forest products value added firms and other firms whose businesses assist community diversification away from dependence on old growth wood		X					
• Assists timber dependent communities to develop community-based economic diversification plans		X			X**		X
• Builds on past local, federal, and/or state (CTED) investment	X						
• Is part of a strategic plan	X			X			X
• Designated priority 1,2, or 3 on WACERT list				X			
THE APPLICANT:							
• If a grant has exhausted other funding options, including: rate increases, debt capacity, other grants, or loans, etc.	X			X	X		X
• If a loan demonstrates need for the requested level of loan participation, repayment term, interest rate, and ability to repay loan	X		X		X	X	
• Has no unresolved audit or monitoring issues				X			
IMPACT:							
• High outcome to dollar invested ratio (e.g. jobs created or retained)	X				X		
• High likelihood of attracting additional private investment	X				X		X
• Willingness to be accountable long term for related outcomes	X				X		
• Removes substantial barrier to future development	X		X		X		X
• High need/high impact/low resource situation compared to other projects	X						

Fiscal Year 2001 CDBG Imminent Threat Grants

CDBG Imminent Threat Grant requests are eligible for awards from the CDBG Contingency Fund. Imminent Threat Grants are meant to provide an interim solution to problems of an urgent nature that were not evident at the time of the General Purpose Grant application cycle. Imminent Threat applicants for infrastructure assistance will be reviewed by the Public Works Trust Fund (PWTF) for loan eligibility before consideration by the CDBG Program.

It is possible for eligible jurisdictions to apply for all other CDBG Program funds within the same program year.

Amount of Funds Available

OCD has set aside \$200,000 of the state's 2001 CDBG allocation within the Contingency Fund to address imminent threat needs of eligible applicants and grantees. Other funds that become available, such as those recaptured, may be added to the Contingency Fund or to other CDBG funds for viable projects. Thus, the total amount available in the program year may exceed \$200,000. Any unused Contingency Fund balance remaining at the end of the 2001 program year will be made available for 2002 funding distribution.

Application Guidelines

Application Deadline

Applications for Imminent Threat Grants may be submitted anytime during the 2001 program year.

Application Requirements

Applications for Imminent Threat Grants are considered if there is a unique, emergency need posing a serious immediate threat to the health or safety of a community. Imminent Threat Grant applications may be submitted in the form of a letter signed by the authorized chief administrative officer of the eligible jurisdiction. The letter must address the following requirements:

Describe the public health and safety problem. Specifically address:

- the cause of the threat/emergency in terms of a natural disaster or other unforeseen and unavoidable circumstance;
- the nature and extent of the threat to the public health and safety; including the number of people affected, area affected, etc.;
- whether the situation is presently causing substantial harm, or whether and how it poses a potential threat to life and property or both; and,
- Is the problem of recent origin; has it emerged within the last 18 months?
- Provide the name and telephone number of an official, independent of the jurisdiction, who is able to verify the threat to public health and safety.

- Does the threat/emergency constitute a situation unanticipated and beyond the control of the local government? What preventative actions were taken? Develop a chronology of actions.
- Can the situation be adequately managed to protect the public until the next competitive CDBG application cycle? If not explain.
- Provide a detailed scope of work to address the problem.
- Estimate schedule for project completion. Can the project be completed within 90 days?
- What alternative courses of action or designs are/were considered to address the immediate need on an interim basis?
- Identify any other jurisdictions/districts involved in addressing the project. Provide a point of contact and phone number for those jurisdictions/districts.
- Estimate project costs and funding sources for the proposed project. How and when have project cost estimates been made?
- What financial reserves are available to resolve some (or all) of the problem?
- What will be the likely results if this application is not accepted for CDBG funding?
- Briefly describe the maintenance program for the system in question.
- Has the jurisdiction been placed in fiscal distress due to other recent emergency public works incidents? If yes, please explain.
- Is this problem likely to happen somewhere else in the public works system at another time? How will you avoid the situation?

The applicant/jurisdiction can request technical assistance as it works through answering these questions. Documentation of each response will be necessary before funding will be approved, including a copy of the jurisdiction's declaration of emergency. The declaration of emergency must be provided prior to or with the above requested information. Imminent Threat projects are not required to principally benefit low- and moderate- income persons. The following certification and threshold requirements apply to Imminent Threat applications:

- CDBG Resolution with Certification of Compliance
- Federal Disclosure Report
- Excessive Force Policy
- Residential Anti-Displacement and Relocation Assistance Plan
- Title VI Certification
- Citizen Grievance Procedure
- Environmental Review Form

Eligibility Guidelines

Eligible Applicants

Eligible applicants are cities and towns with less than 50,000 population or counties with less than 200,000 population provided the cities, towns, and counties **do not** participate as a member of HUD Urban County Consortiums.

Indian tribes and special purpose organizations such as public housing authorities, port districts, community action agencies, and economic development councils, are not eligible to apply directly to OCD for funding. However, eligible jurisdictions may choose to serve Indian tribes within their jurisdiction or to involve the other organizations in the operation of projects funded under the program.

Applicants for Imminent Threat Funds must be suffering from an immediate and urgent threat to public health or safety, verified by an independent source, and must not have financial capacity to solve the problem.

Eligible Activities

Imminent Threat funding is available to address problems immediately causing a threat to public health or safety. The solution must be compatible with CDBG eligible activities as described in the General Purpose Grants section. A description of minimum eligibility standards, as developed by HUD, can be found in 24 CFR Part 570.208(c).

Method of Funding Distribution

Application for Imminent Threat Grants and appropriate documentation are evaluated by OCD staff according to the questions identified above in "Application Requirements" and verified through contacts with independent sources and site visits, if deemed appropriate. The type and amount of assistance provided is based on an assessment of whether a serious, urgent, unanticipated threat to public health or safety exists, the scope of the need, the length of time the problem has been apparent, what preventive actions have been taken, proposed cost, how quickly the problem can be remedied, the applicant's financial capacity, and the availability of funding (i.e., from CDBG and other sources). The Imminent Threat review process is rigorous and intended to screen for only the most serious, emergency health and safety threats. If CDBG Contingency Funds are available, if the proposal is determined to meet the intent of the program, and if no other funding is available to the community, an Imminent Threat Grant may be awarded.

Fiscal Year 2001 CDBG Supplemental Grants

Supplemental Grant requests are eligible for awards from the CDBG Contingency Fund. Supplemental Grant awards are intended as a last resort funding option for current CDBG General Purpose, Planning-Only and Imminent Threat grantees whose approved projects have encountered unanticipated cost overruns. Supplemental funds are also available to public service grant recipients provided the overall funding for public service does not exceed the state's 15 percent limit for the program year.

General Purpose Grant and Planning-Only Grant recipients may apply for a Supplemental Grant as well as an Imminent Threat Grant from the Contingency Fund during the same program year.

Amount of Funds Available

OCD has set aside \$400,000 of the state's 2001 CDBG allocation for a Contingency Fund to address imminent threat and supplemental funding needs of eligible applicants and grantees. Other funds, which become available, such as those recaptured during 2000, may be added to the Contingency Fund. Thus, the total amount available may exceed \$400,000. Any unused Contingency Fund balance remaining at the end of a program year will be made available for the next program year's funding distribution.

Application Guidelines

Application Deadline

Applications for Supplemental Grant awards may be submitted anytime during the 2001 program year.

Application Requirements

Under normal circumstances, OCD will not grant additional funds to pay for costs, which exceed the originally approved project budget. However, subject to funds being available at the time of request, and CDBG funds not exceeding the original grant limit, OCD may authorize the use of Contingency Funds for unanticipated costs caused by circumstances beyond the reasonable control of the grantee provided that all other program requirements and objectives can be met. All supplemental funding actions must obtain OCD approval before any reimbursement of funds occurs.

A request for supplemental funding must be submitted in the form of a letter, signed by the authorized chief administrative officer of the eligible jurisdiction, which addresses the following questions and provides documentation for each response:

General Purpose, Planning-Only and Imminent Threat grantees must answer the following questions:

- Has the grantee received the maximum CDBG grant amount according to grant limits for the funding year? Under special circumstances, giving consideration to the maximum average CDBG cost per household by program area, total awards may be increased to 2000 award levels.

- Can the goals (or part of the goals) of the project be realized without additional funds? If no, why not?
- Could the need for additional funds have been reasonably anticipated? If yes, why were appropriate steps not taken to prevent project cost overruns?
- Can the need for additional funds be met through an internal budget procedure (i.e., using money designated for another line item?)
- Are there alternative courses of action available to solve the problem?
- Have all other sources of funding been exhausted?

Eligibility Guidelines

Eligible Applicants

Eligible applicants are cities and towns with less than 50,000 population or counties with less than 200,000 population provided the cities, towns, and counties **do not** participate as a member of HUD Urban County Consortiums.

Applicants for Supplemental Funds must be recipients of a current CDBG General Purpose, Planning-Only, Public Service, or Imminent Threat Grant. Planning-Only Grants may be supplemented only when remaining Planning-Only Grant funds provide at least 51 percent of the full grant requested by the applicant.

Eligible Activities

Supplemental funding is available to complete previously approved CDBG funded activities in communities with existing CDBG contracts which do not exceed the maximum grant amount.

Method of Funding Distribution

Grantee requests will be subject to review for "reasonableness." Reasonableness will be determined by OCD's review of the applicant's response to the questions a) through f) as listed above in "Application Requirements". Supplemental funding may be awarded to General Purpose, Planning-Only and Imminent Threat grantees if CDBG funds are available, if the applicant's response to questions a) through e) is "no," and if no other alternative funding is available.

Fiscal Year 2001 Section 108 Loan Guarantee Program

The Section 108 Loan Guarantee Program, administered by OCD, provides a source of financing to attract and leverage private sector funds to promote a range of CDBG eligible activities in support of local community housing and economic development projects. The state will pledge its current and future CDBG awards as security for such loans, which meet established criteria.

Amount of Funds Available

The state will pledge up to its 2001 CDBG allocation to guarantee loans.

Application Guidelines

Application Deadline

Applications for the Section 108 Loan Guarantee Program may be submitted throughout the 2001 CDBG program year.

Application Requirements

Applications for the Section 108 Loan Guarantee Program will be considered after preliminary review by the CDBG Program and Office of Trade & Economic Development staff members. After preliminary review and approval, an invitation to apply for Section 108 Loan Guaranteed funds will be extended to the jurisdiction. Applications must be submitted by eligible jurisdictions. Applicants may request a minimum of \$700,000 and a maximum of one-third of the amount of 2001 CDBG funds allocated. An eligible jurisdiction may submit more than one application each year; however, in no event can a local jurisdiction have more than \$7 million in outstanding Section 108 Loan Guarantees.

An application will consist of:

- A loan guarantee request signed by the authorized chief administrative officer of the local jurisdiction;
- Evidence that a concerted effort was made to obtain alternative sources of financing and that such sources, both public and private, were either not available or were insufficient to meet the financing needs;
- Sufficient financial history and projections to allow for a comprehensive risk assessment;
- Documentation supporting the job impact or other impact to low-income persons;
- Assurance that all CDBG Program requirements will be met; that the proposed activity meets one of the national objectives (low-income benefit; removal of slum/blight or imminent threat);
- Evidence that the jurisdiction has complied with Citizen Participation Requirements, including at least one well publicized public hearing and the adoption of a CDBG Grievance Procedure; and
- Evidence that the applicant jurisdiction has passed a resolution with Certifications of Compliance authorizing submittal of the CDBG Section 108 Loan Guarantee application and certifying compliance with specific state and federal requirements.

Eligibility Guidelines

Eligible Applicants

Eligible applicants are cities and towns with less than 50,000 population or counties with less than 200,000 population provided the cities, towns, and counties **do not** participate as members of HUD Urban County Consortiums.

Indian tribes and special purpose organizations such as public housing authorities, port districts, community action agencies, and economic development councils, are not eligible to apply directly to OCD for funding. However, eligible jurisdictions may choose to serve Indian tribes within their jurisdiction or to involve the other organizations in the operation of projects funded under the program.

Eligible Activities

Section 108 Loan Guarantees are available for specifically allowed revenue producing CDBG eligible activities. Section 108 Loan Guarantee funds may be used for activities undertaken by a public entity or its designated public agency that will:

- Meet "appropriate" criteria as defined by HUD.
- Assure that all CDBG Program requirements will be met.

Activities that may be undertaken include:

- Acquisition of improved or unimproved real property;
- Rehabilitation of real property, owned or acquired by the public entity;
- Clearance, demolition and removal of buildings and improvements on real property acquired or rehabilitated with guaranteed funds;
- Site preparation, including construction, reconstruction, or installation of improvements, utilities, or facilities related to the redevelopment or use of the real property acquired;
- Housing rehabilitation eligible under the General Purpose CDBG Program;
- Special and community economic development activities; and
- Acquisition, construction, reconstruction, rehabilitation, or installation of public facilities, site improvements, and utilities for an economic development purpose.
- Section 108 Guarantee proceeds may be used to pay off Interim Financing Loans and DLF grants subject to Regional HUD approval on a case by case basis.

Ineligible Activities

Activities not eligible for Section 108 Loan Guarantees include:

- Activities that do not meet "appropriate" criteria as defined by HUD.
- Activities that are ineligible under the CDBG program.

Requirements of Funding

The use of Section 108 Loan Guarantees will be considered only if the following requirements are met:

- The project meets the "appropriate" criteria, as defined by HUD.
- The project adheres to all CDBG Program requirements.
- The project complies with all applicable federal, state, and local laws and regulations.

Method of Funding Distribution

Applications for Section 108 Loan Guarantee Program funds will be evaluated on an individual basis using the following criteria:

- Need for the assistance (i.e. the assistance requested is "appropriate" for the project).
- The ratio of jobs created to Section 108 Loan Guarantee funds requested is reasonable for the type of activity proposed.
- The project adheres to all CDBG Program requirements.
- The proposed repayment term is 20 years or less.
- Other reasonable financing alternatives have been exhausted.
- The fund request is for a minimum of \$700,000 but does not exceed one-third of the 2001 CDBG allocation.

Review and Approval Process

Applications for Section 108 Loan Guarantees must be reviewed and approved by the state prior to being submitted to HUD. The state's review will consist of evaluation and recommendation by CDBG and Office of Trade & Economic Development staff members, recommendation by the Community Development Business Loan Advisory Committee, or the Housing Trust Fund staff, and finally, concurrence by the Director of the Office of Community Development, who may place additional conditions on the loan guarantee. The Director may require that up to 10 percent of the loan proceeds be reserved for defaulted loan payments.

The application and supporting documents will then be forwarded to the HUD Region X Office. After review and approval by the Region X Office staff, the application will be forwarded to HUD Headquarters in Washington, D.C., for final review and approval. HUD may impose additional conditions on the loan guarantee.

Special Requirements

Applicants receiving approval:

- May be required to establish a reserve account of up to 10 percent of the loan amount.
- Will be charged an interest rate of the cost of borrowing plus a one-time commitment fee of up to 1½ percent of the loan amount.
- Will pledge adequate collateral commensurate with the risk and term of the request.

Use of Section 108 Program Revenues

Any incremental servicing fees assessed over the cost of borrowing or commitment fee, shall be used for administrative costs.

Fiscal Year 2001 Rural Washington Loan Fund

The Rural Washington Loan Fund (RWLF), administered by the Office of Trade and Economic Development (OTED) was created by the Washington State Legislature to provide "gap financing" to small businesses, primarily in economically distressed and timber-impacted areas of the state. To conform to the State Constitution, the RWLF Program exchanges the state appropriated RWLF funds with an equal amount of CDBG Program funds. RWLF is guided by RCW 43.168 in addition to HUD regulations.

Amount of Funds Available

The RWLF Program anticipates funding authority of approximately \$5 million for the 2001 program year.

Application Guidelines

Application Deadline

Recommendations regarding applications will be made to the Community Development Business Loan Advisory Committee. The committee's recommendation requires the approval by the Director of the Washington State Office of Trade and Economic Development.

Application Requirements

An application to the Rural Washington Loan Fund must be on behalf of a specific business project. An eligible jurisdiction may submit more than one application at any time. Applications up to a maximum of \$700,000 each may be accepted.

An application will consist of:

- An application signed by the authorized chief administrative officer of the local jurisdiction;
- Documentation supporting the need for the assistance and job impact;
- Confirmation/documentation of authority of the business to enter into the transaction;
- Evidence that the jurisdiction has complied with Citizen Participation Requirements, including at least one well publicized public hearing and the adoption of a CDBG Grievance Procedure; and
- Assurance that all CDBG Program requirements will be met.

Eligibility Guidelines

Eligible Applicants

The Washington State Legislature has targeted at least 80 percent of the RWLF funds to distressed and timber-impacted areas. A distressed area has been defined in RCW 43.168.020 as a county with an unemployment rate 20 percent above the state average for the immediately previous three years, or an area within a county that meets the following conditions:

- It is composed of contiguous census tracts.
- It has a minimum population of 5,000.
- It has at least 70 percent of its population with incomes below 80 percent of the county's median income.
- It has an unemployment rate 40 percent higher than the county's unemployment rate.

A timber/salmon impact area has been defined as a county, or a city within a county, having a population of less than 500,000 and meeting two of the following three criteria, for the most recent year that such data is available. The Employment Security Department has determined that the three criteria are that a county or city has:

- A lumber and wood products employment location quotient at or above the state average.
- Projected or actual lumber and wood products job losses of 100 or more.
- An annual unemployment rate 20 percent or more above the state average.

Counties that currently meet the distressed and timber-impacted area definition are identified in Attachment B.1 and B.2. The county or any city within a distressed county may sponsor a RWLF application. Non-distressed areas may receive up to 20 percent of RWLF funds provided that the fund's net worth is not less than \$7,100,000.

Eligible Activities

RWLF can accommodate almost any type of private sector business that has the legal authority to borrow funds. This includes owner-users, developers, not-for-profit organizations, quasi-public corporations such as ports, limited partnerships, general partnerships, proprietorships, and community organizations. RWLF priority ventures include business projects that will:

- Meet "appropriate" criteria.
- Create or retain job opportunities benefiting lower-income persons.
- Increase cash flow into the community by diversifying and expanding the economic base.

The business may be involved in any of the following activities:

- Manufacturing or other industrial production.
- Agricultural development or food processing.
- Aquaculture development or seafood processing.
- Development or improved utilization of natural resources.
- Tourism facilities.
- Transportation or freight facilities.
- Retail or service enterprises that will expand the community's economic base rather than redistribute an existing customer base.
- Other activities representing new technology or a type of economic enterprise that is needed to diversify or stabilize the economic base of an area.

A business that faces a relatively high probability of layoffs needs to demonstrate that:

- Prospects for a turn-around of profitability are good.
- The economic fabric of the community would be significantly damaged through the projected loss of jobs.
- The business has a record of providing jobs for which low-income persons are eligible.

Funds can be loaned for the acquisition, design and engineering, improvement, rehabilitation, construction, operation, or maintenance of any property, real or personal, that is used or is suitable for use by an economic enterprise (subpart CFR 570.203). Working capital term loans are eligible.

Ineligible Activities

Activities not eligible under the RWLF Program include:

- Funds used for the purpose of directly or indirectly financing shopping malls.
- Businesses which have a negative tangible net worth.
- Those activities that do not meet "appropriate" criteria.

Method of Funding Distribution

Applications for RWLF loans will be evaluated on an individual basis using the following criteria:

- Need for the assistance. The assistance requested is "appropriate" for the project.
- Job creation. Permanent jobs created or retained as a result of the project will be made available to low-income persons.
- Other criteria as defined by RWLF statute.

Use of RWLF Program Revenues

Business receiving assistance through the RWLF are required to make principal and interest payments. Up to two percent (2%) of program income, including principal and interest and investment earnings received by the fund, may be used for RWLF Program administration. The balance of program income will be make available for future loans through the RWLF Program.

Fiscal Year 2001 CDBG Interim Finance Grants

The Office of Trade and Economic Development (OTED) administers a program of interim grants to communities who will provide short-term loans to businesses/developers for CDBG-eligible projects. The source of funds is money allocated to the Washington State CDBG Program and made available to communities through General Purpose Grants and Community Investment Fund Grants, but not expected to be drawn down for the duration of the interim grant.

Amount of Funds Available

Based on estimated cash expenditures and the amount of estimated funding available for FY 2001 CDBG General Purpose Grants and Community Investment Fund Program, the maximum estimated amount of funding for Interim Finance Grants is \$8,000,000.

Application Guidelines

Application Deadline

Applications for Interim Finance Grants may be submitted anytime after adoption of the 2001 Final Statement. Decisions regarding applications will be made by the Director of the Office of Community Development.

Application Requirements

An application for Interim Finance Grants must be on behalf of a specific business project. An eligible jurisdiction may submit more than one application at any time.

An application will consist of:

- An application signed by the authorized chief administrative officer of the local jurisdiction;
- Documentation supporting the need for the assistance and job impact;
- Confirmation/documentation of authority of the business to enter into the transaction;
- Evidence that the jurisdiction has complied with Citizen Participation Requirements, including at least one well publicized public hearing and the adoption of a CDBG Grievance procedure; and assurance that all CDBG Program requirements will be met; and
- Submittal of an unconditional, irrevocable letter of credit drawn from a financial institution acceptable to the Office of Trade and Economic Development (OTED) in the amount of the request. OTED and OCD may require that the letter of credit be enlarged to cover accrued interest.

Eligibility Guidelines

Eligible Applicants

Eligible applicants are cities and towns with less than 50,000 population or counties with less than 200,000 population provided the cities, towns, and counties **do not** participate as members of HUD Urban County Consortiums.

Eligible Activities

Interim Finance Grants can accommodate almost any type of private sector business that has the legal authority to borrow funds. This includes owner-users, developers, not-for-profit organizations, quasi-public corporations such as ports, limited partnerships, general partnerships, proprietorships, and community organizations.

Interim Finance Grant priority ventures include business projects that will:

- Meet “appropriate” criteria.
- Have an identifiable funding or return on investment gap preventing the project from being accomplished.
- Create or retain job opportunities benefiting lower-income persons.
- Increase cash flow into the community by diversifying and expanding the economic base.

The business may be involved in any of the following activities:

- Manufacturing or other industrial production.
- Agricultural development or food processing.
- Aquaculture development or seafood processing.
- Development or improved utilization of natural resources.
- Tourism facilities.
- Transportation or freight facilities.
- Retail or service enterprises that will expand the community's economic base rather than redistribute an existing customer base.
- Other activities representing new technology or a type of economic enterprise that is needed to diversify or stabilize the economic base of an area.

A business that faces a relatively high probability of layoffs needs to demonstrate that:

- Prospects for a turn-around of profitability are good.
- The economic fabric of the community would be significantly damaged through the projected loss of jobs.
- The business has a record of providing jobs for which low-income persons are eligible.

Funds can be loaned for acquisition, design and engineering, improvement, rehabilitation, construction, operation or maintenance of any property, real or personal, that is used or is suitable for use by an economic enterprise (subpart CFR 570.203). Working capital term loans are eligible.

Ineligible Activities

Activities not eligible for Interim Finance Grants include:

- Funds used for the purpose of directly or indirectly financing shopping malls.
- Those activities that do not meet “appropriate” criteria.

Requirements for Funding

The interim use of CDBG funds will be allowed only if the following requirements are met:

- The business must demonstrate that public financing of the project is "appropriate" to create or retain jobs.
- The business must provide for the benefit of the jurisdiction/OCD an unconditional, irrevocable letter of credit in U.S. dollars in the full amount of the principal due under the loan from a financial institution acceptable to OCD.
- The business must agree to create jobs, the majority of which will be made available to lower-income individuals. Retention of jobs can also be considered as a qualifying factor.
- The business must enter into a First Source Agreement with a local Job Service Center. The purpose of the agreement is to identify and place certified disadvantaged (i.e., low-income) workers in non-managerial jobs created by the project.
- Rates of interest and other loan terms are determined by the needs of the project and by competitive factors.
- The business must agree to comply with all applicable federal, state, and local laws and regulations.

Method of Funding Distribution

Applications for Interim Finance Grants will be evaluated on an individual basis using the following criteria:

- Need for the assistance. The assistance requested is "appropriate" for the project.
- Job creation. Permanent jobs created or retained as a result of the project will be made available to low-income persons.

Each application will be reviewed by CDBG and Office of Trade and Economic Development staff members. Additional information will be requested if needed. Staff members will decide whether or not the project meets the above-stated criteria. If funds are available, interim grant funds will be awarded to the applicant. The Office of Community Development reserves the right to require repayment of a loan to a business or developer made through an Interim Finance Grant at any time, when it is in the best interest of the program.

Use of Interim Finance Program Revenues

Jurisdictions receiving Interim Finance Grant awards will be required to return all interest and principal repayments. Principal repayments received by the Office of Trade and Economic Development (OTED) will be distributed in a manner, which is consistent with the overall goals and objectives of the state's 2001 CDBG Final Statement. Up to two percent (2%) of program income, including principal, interest, and investment earnings may be used for program administration. The balance of program income will be made available for future RWLF loans through the RWLF Program.

Other 2001 CDBG Program Guidelines

Reallocated Funds

Reallocated funds are those, which HUD has recaptured from a grantee and reallocated to the state in accordance with the Community Development Act of 1974, as amended. Reallocated funds that are received by the state with the annual grant will be made available to eligible jurisdictions through 2001 funding distribution processes in accordance with the methods of distribution described in this statement.

Recaptured Funds

Recaptured funds are those which are de-obligated by the state from grantees. Their funds will be redistributed according to the guidelines in this section.

Recapture of Funds Policy

It is OCD's policy to recapture (de-obligate) unspent CDBG funds from local General Purpose, Grant, Public Service Grant, Community Investment Fund Grant, Housing Enhancements Grant, Planning-Only Grant, Imminent Threat Grant, and Supplemental Grant award recipients when it is clear that the recapture will not preclude local ability to complete approved activities.

For General Purpose Grants and Community Investment Fund only, exceptions to this policy may be made based on the following considerations:

- Up to two percent (2%) of the grant recipient's total grant amount, to a maximum of \$10,000, may be retained for CDBG eligible activities, approved by CDBG Program staff.
- Use of unexpended funds for new activities will be limited to instances where previously approved project activities will be measurably enhanced as reviewed and approved by CDBG staff. Use of unexpended funds may also be used to implement some part or all of the jurisdiction's approved ADA plan.
- Local requests to retain unspent or unobligated funds must meet CDBG criteria and the Final Statement or Action Statement criteria for the year in which the funds were originally awarded.

Use of Recaptured Funds

Recaptured funds will be placed within the Contingency Fund for distribution according to its guidelines. (See Table 13 "Description of Proposed Uses")

Remaining Funds

Remaining funds are funds that have not been, or are no longer intended to be, distributed according to the method of distribution for annual grants. This can be an amount left over after awarding grants but too small to fully fund an application.

1) Housing Enhancement Grants

Remaining funds from the Housing Enhancement Grants not distributed by December 31, 2001, will be placed in the Contingency Fund and distributed according to those guidelines.

2) Community Investment Fund

Remaining funds from the CIF Grants not distributed by December 31, 1999 ??? will be placed in the Contingency Fund and distributed according to those guidelines. **Help with this date please.**

3) General Guidelines

Remaining funds are placed in the Contingency Fund for future distribution in a manner that is consistent with the overall goals and objectives of the 2000 and 2001 Actions Plans. The use of these funds could include CDBG General Purpose Grants, Planning-Only Grants, Community Investment Fund, Housing Enhancement, Imminent Threat Grants, or Supplemental Grants.

Funds remaining in the Contingency Fund at the end of the 2000 CDBG Program year will be made available for funding of 2001 General Purpose, Planning-Only, Community Investment Fund, and Housing Enhancement applications.

Program Income

Program income is any income generated from the use of CDBG Program funds such as proceeds from disposition of property, loan repayments with interest, proceeds from sale of loans, and so on prior to a project being administratively closed. All program income accrued while a contract is still open and active must be used prior to drawing additional CDBG funds from the state. Program income for active contracts must be accounted for on each reimbursement request. Income earned by the grantee as a result of project activities after project completion and after administrative close-out, retains its federal identity and must be reported to OCD annually if it exceeds \$25,000 in any calendar year.

1) General Purpose Grants and Supplemental Grants

It is OCD's option, under federal CDBG regulations, to allow local jurisdictions to return or retain program income generated through implementation of their approved grant activities. Accordingly, OCD will allow jurisdictions receiving General Purpose Grants, Supplemental Grants, Community Investment Fund Grants, Microenterprise Loans, and Housing Enhancement Grants to retain program income, earned during grant implementation, to continue the activity from which the program income was derived in accordance with applicable regulations and a duly executed Close-out Report between the grantee and OCD. Program income earned after project completion, but before administrative close-out, may be subject to the Recapture of Funds Policy.

2) Planning-Only and Imminent Threat Grants

Jurisdictions receiving Planning-Only Grants and Imminent Threat Grants will be required to return any program income generated during project implementation. This program income will be subject to the Recapture of Funds Policy and returned to the Contingency Fund for distribution in accordance with the 2000 Action Plan.

3) Regional Microenterprise Development Grants

Jurisdictions receiving a Microenterprise Grant will be allowed to retain program income for continuance of the microenterprise activity in accordance with CDBG requirements and a Closeout agreement between the municipal grantee and OCD.

4) Housing Enhancement Grant

Jurisdictions receiving Housing Enhancement Grants will be allowed to retain program income for continuance of the housing program in accordance with applicable requirements and a Close-out Agreement between the municipal grantee and OCD.

5) Community Investment Fund

Jurisdictions receiving Community Investment Fund Grants will be allowed to retain program income for continuance of the community strategies program in accordance with applicable requirements and a Close-out Agreement between the municipal grantee and OCD.

6) Development Loan Fund Grants

Businesses receiving assistance through DLF are required to make principal and interest payments. Up to two percent (2%) of program income including principal and interest and investment earnings received by the fund may be used for DLF Program administration. The balance of program income will be made available for future loans through the DLF Program, in a manner that is consistent with the overall goals and objectives of the DLF Program.

7) Interim Finance Grants

Jurisdictions receiving Interim Finance Grants will be required to return all interest and principal repayments. Principal repayments received by OCD will be distributed in a manner that is consistent with the overall goals and objectives of the state's 1998 Final Statement. Up to two percent (2%) of program income, including principal, interest, and investment earnings may be used for program administration. The balance of program income will be made available for future DLF loans through the DLF Program, in a manner that is consistent with overall goals and objectives of the program.

Miscellaneous Revenue

The amount of program income expected to be generated in the year 2000 by the state's revolving loan funds and deposited to the state's revolving loan fund is \$213,437.

The amount of program income expected to be received from new/year 2000 float funded activity is \$18,750.

The amount of program income expected to be received during the current/1999 program year from float-funded activity is \$171,572.

Float-Funded Activities - Program income from year 2000 float-funded activities will be received quarterly beginning in September 2000 in the amount of \$6,250 and also in December 2000 in the amount of \$12,500. No default is anticipated since float-loans are secured by a bank irrevocable letter of credit. Refer to Table 18 for a detail of current float-loans.

Table 4:

Detail of program income expected from new year 2001 float-funded activities and program income expected from current (2000) float-funded activities.

Name	Location	Year	Float-Loan Amount	Float-Loan Program Income	Date of Issuance	Due Date
Grays Harbor Public Development Company	Grays Harbor County	2000	\$4,500,00	\$90,000	8/25/00	5/25/03

*** All float-loans are secured in full by an Irrevocable Bank Letter of Credit.**

MONITORING STANDARDS AND PROCEDURES

Overview

All sub-recipients will sign binding contracts that spell out all program requirements. OCD will monitor its sub-recipients for compliance with specific program requirements, including applicable federal requirements, such as handicapped accessibility, fair housing, lead-based paint, and Davis-Bacon. In addition, OCD will monitor in the areas of general management, performance goals, financial management, data collection and reporting, eligibility determinations, nondiscrimination, program outreach, timely reporting, coordination with other programs, and inspection of completed units. Monitoring will consist of both desk and on-site reviews.

Primary Goals

OCD has four primary goals while monitoring programs and projects:

1. Ensure accomplishment of service or production.
2. Ensure accountability of public funds.
3. Ensure compliance with federal and state requirements.
4. Evaluate organizational and project performance for a specific time period.

These goals apply to all programs and services, including HOME, Community Development Block Grant, Emergency Shelter Grant Program, Housing Opportunities for Persons With AIDS, Mortgage and Rental Assistance Program, Emergency Shelter Assistance Program.

HOME Monitoring Plan

Each of the programs funded by the HOME grant will establish specific policies, procedures, and tools to perform on-site and desk monitoring. Basic standards for each program, include:

Home Repair and Rehabilitation Program

- Contractors are responsible for quality assurance of all work and must perform a final inspect on 100 percent of all housing units worked on.
- OCD will conduct inspections of a random sample of units improved; however, 100 percent of the housing units will be inspected if a contractor improves less than five units, and a minimum of five units will be inspected for agencies that assists five or more in a given program year.
- Technical assistance, the primary purpose of all site visits, will be provided based on monitoring findings.
- Trip (or compliance) reports will be written and provided to agencies within 21 working days of a site visit.
- Contractors are responsible for correcting and reporting deficiencies within 30 days of receiving the trip report.

HOME Rental Housing (Moderate and Substantial Rehabilitation and New Construction) and Tenant-Based Rental Assistance Program

- Perform on-site inspections of HOME-assisted units in rental housing developments no less than:

- Every three years for projects of one to four units,
 - Every two years for projects with five to 25 units, and
 - Annually for projects with 26 or more units.
- Perform annual on-site inspections of rental housing occupied by tenants receiving HOME-funded tenant based rental assistance.
 - Perform a periodic risk assessment on each program and/or project funded with HOME monies. The risk assessment will identify which funding recipients require comprehensive monitoring. High-risk funding recipients include those that are:
 - New organizations to the HOME program.
 - Experiencing turnover in key staff positions, such as executive director and chief financial officer.
 - Repeated past compliance or performance problems.
 - Undertaking multiple HOME-funded activities for the first time, such as rental project and TBRA, and
 - Not submitting timely documentation, such as annual reports and/or requests for reimbursement.
 - Conduct desk reviews at least annually as HOME fund contractors submit annual performance reports. The annual reports will be reviewed and the activities reported will be compared with the original contract and purpose of the project, along with any subsequent amendments.
 - Contract and other written agreements will be the primary mechanism for enforcement of corrective actions in situations of noncompliance. When corrective actions must be taken, the following intervention stages will be used:

Monitoring Plan for Emergency Shelter Grant Program (ESGP) and Housing Opportunities for Person with AIDS (HOPWA)

This policy and the following procedures document established guidelines for monitoring programs funded with HUD ESGP and HOPWA funds. These procedures will provide assurance that the projects so funded are being carried out in accordance with the requirements set forth in 24 CFR Part 574 and any additional requirements imposed through contractual agreements.

- HOPWA funded agencies will be monitored for program compliance at least once every three years, and ESGP funded agencies will be monitored once every two years.
- Monitoring will be conducted using a standardized monitoring instrument and will be documented in the appropriate monitoring file.
- Instances of noncompliance will be corrected immediately. When such immediate correction is not feasible, the agency will correct such deficiencies within 30 days, providing OCD with copies of supporting documents demonstrating the corrective action taken. Additional time for corrective action may be allowed, on a case by case basis.
- A risk analysis will be performed annually based upon the data reported in annual performance reports. The analysis will also include, but not be limited to, other data, such as audit reports, evidence of key staff turnover, timeliness of billings and other reporting requirements.

- Agencies determined to be at a high level of risk for fund accountability and program compliance will be monitored on an annual basis, and as soon as a visit can be scheduled following the determination of high risk.
- Instances of noncompliance will be recorded and reported as necessary to members of the OCD Housing Division and other OCD Divisions, which may be funding other programs, administered by the agency in question.
- Once an agency has fully complied with program requirements and can be categorized at a lower level of risk, monitoring may then revert to the regular schedule.

Community Development Block Grant (CDBG) Monitoring Plan

Monitoring standards and procedures for Community Development Block Grants are set forth in Section 15 of the CDBG Management Handbook. Management workshops are offered a minimum of once a year for all new and current CDBG grant recipients. Workshops are usually held at sites on both the east and the west sides of the state. Technical assistance on all aspects of CDBG performance and compliance issues is available upon request.

Communities are responsible for selecting, planning and carrying out programs, projects, and activities in accordance with state and federal regulations and their CDBG contract. The role of CDBG staff is to assure that grantees are carrying out their programs in accordance with the applicable laws and regulations and to provide technical assistance. As part of this process, CDBG staff helps recipients and sub-recipients identify problems or potential problems in program implementation and to correct them. Whenever possible, deficiencies will be corrected through discussion, negotiation, or technical assistance in a manner that preserves local discretion.

Representatives from the U.S. Department of Housing and Urban Development may also conduct monitoring visits to assure that grantees are carrying out their programs in accordance with applicable laws and regulations.

The CDBG staff objectives for monitoring are to determine if Grantees are:

- Carrying out their CDBG-funded activities as described in their contracts (as modified or amended);
- Carrying out the program or project in a timely manner in accordance with the schedule included in the CDBG contract;
- Charging costs to the program or project which are eligible under applicable regulations;
- Complying with other applicable laws, regulations and terms of the CDBG contract;
- Conducting the program in a manner which minimizes the opportunity for fraud, waste and mismanagement; and
- Have a continuing capacity to carry out the approved program or project.

A CDBG monitoring visit may consist of an on-site monitoring or a desk monitoring. All CDBG grantees will be monitored once prior to a contract being administratively closed. The areas monitored may include:

- Overall Management System, Record Keeping and Progress in Activities

- National Objectives
- Environmental Review
- Financial Management
- Property Management
- Procurement
- Efforts to Use Small, Minority- and Women-Owned Businesses
- Labor Standards
- Non-Construction Contracts between Grantees and Consultants
- Sub-recipients
- Civil Rights
- Acquisition/Relocation
- Housing Rehabilitation and Lead-Based Paint
- Citizen Participation

When a grantee is found to be out of compliance CDBG staff will identify a specific period of time in which compliance should be achieved. Usually the grantee will have 30 days to correct deficiencies. Copies of supporting documentation demonstrating the corrective action are required. Additional time for corrective action may be allowed on a case by case basis. Failure by the grantee to correct deficiencies may result in funds being withheld, sharing of the noncompliance findings with other Office of Community Development and Office of Trade and Economic Development programs and divisions, and possible restrictions on future grants.

PUBLIC PARTICIPATION PLAN

Amendments

Amendments to the Consolidated Plan are necessary at least once each year to develop and receive comments on the annual Strategic Action Plan. In addition, amendments will be necessary when new funding programs are available and need to be incorporated into the five year Consolidated Plan prior to implementation. Amendments to the Consolidated Plan will be necessary when:

- Funding amounts are ten percent more or less than amounts anticipated in the Strategic Action Plan; or,
- Components of the programs within the Consolidated Plan or Strategic Action Plan are proposed to change significantly in scope (such as eliminating a component or changing the method of distribution of funds).

This section describes the process for making amendments.

Consultation

1. Advisory groups such as the Affordable Housing Advisory Board and the Washington State Economic Revitalization Team (WaCERT) will be consulted during preliminary development of the Strategic Action Plan. They, and others, will be consulted in the event there are program additions, or changes in scope to programs described in the Consolidated Plan.
2. State and federal partners will be consulted when changes could affect interaction.

Meetings

1. When changes to policy or program design are proposed that would benefit from the input of a broader community, OCD will conduct focus groups, workshops or public meetings to seek input.
2. Meetings will be located on both the east and west sides of the state when appropriate and feasible.
3. Meeting locations will be barrier-free and a contact person will be specified to provide special accommodations when needed.
4. Notices of meetings will be distributed at least ten days in advance of the meetings through the mail, newspaper publication, and through OCD's website.

Public Hearings

1. Generally, public hearings will not be necessary for amendments.
2. In the event that a program component is added or eliminated, there are several non-grammatical changes, or the state determines it would benefit from a public hearing, a public hearing or set of public hearings will be conducted by OCD, which may include video conferencing through Washington Interactive Television.
3. Public hearing locations will be barrier-free, and a contact person will be specified to provide special accommodations when needed.
4. Notices will be distributed at least 14 days in advance of the public Hearings through the mail, newspaper publication, and through OCD's website.

Publication of Information

1. Meeting notices will be sent by mail and any other cost-effective means, such as electronic publication or the Internet. Notices will be sent out at least ten days in advance of meetings.
2. Public hearing notices will be made available at least 14 days in advance of the hearings. Notices will be published in at least four regional newspapers or business journals, sent to people and organizations on the Consolidated Plan mailing list, and published electronically.
3. Notices will describe locations, times, purpose of meeting or hearing, and invite people with special needs to contact a specified person to make appropriate arrangements.
4. A summary of the proposed amendment will be distributed to people and organizations on the Consolidated Plan mailing lists with at least 30 days allowed for receiving comments. With the summary will be a location for reviewing the entire amendment. If the amendment is contained on five pages or less, the full amendment will be sent by mail to everyone on the mailing list.
5. Copies of the draft and final amendment, if different from the draft, will be sent to the Washington State Library for distribution to regional libraries, and if possible, will be made available on OCD's website. Copies will be made available in a form accessible to persons with disabilities upon request.

Comments on the Proposed Amendment

1. Comments on the draft amendment will be sought for 30 days.
2. Written or oral comments received during the 30 day comment period, and during any public hearings on the proposed amendment conducted by OCD during the comment period, will be incorporated into the comments section of the amendment. OCD will respond to each comment. A summary of comments or views not accepted and the reasons for not accepting them will also be included in the comments section of the amendment. Similar comments will be grouped into one comment, specifying how many of that type were received

Performance Reports

1. Performance Reports will be complete and available for review at least three weeks prior to when they are submitted to HUD.
2. Notices of report availability and contact person will be distributed to people and organizations on the Consolidated Plan mailing list.
3. At least 15 days will be allowed for written comment prior to submittal of the report.
4. A summary of written and oral comments received during the comment period and the state's response to the comments will be compiled and submitted with the Performance Report.

Access to Records

Citizens, public agencies, and other interested parties will be provided with reasonable and timely access to information and records relating to the state's Consolidated Plan, and the state's use of assistance under the programs covered by the Consolidated Plan during the preceding five years. Requests for information may be submitted to:

CDBG Program
Office of Community Development
906 Columbia Street SW
Post Office Box 48350
Olympia, WA 98504-8350

Complaints

Written complaints and grievances to the Consolidated Plan will be logged in by the appropriate person then forwarded through the correct channels and monitored for resolution and timely response.

The CDBG complaint procedure provides for CDBG program staff to conduct follow up research, including notification to the jurisdictions, and to write a response to the complainant. When possible, the complainant will receive a written or oral response within 15 working days.

The complaint may also be treated as an administrative review by the Managing Director when the complaint is related to CDBG staff interpretation of program policies or rules. Administrative review may take longer than 15 working days to complete; the complainant will be notified when a complaint will receive administrative review and provided an estimate of time needed for a response.

Requirements for Local Jurisdictions

The Washington State CDBG Program requires that jurisdictions demonstrate within their initial application for CDBG funds, that they have met the programs Citizen Participation requirements. Documentation must include, the jurisdiction's process for seeking and obtaining citizen participation leading up to application submittal, the process for ensuring ongoing citizen participation, and a grievance procedure.

Based on the federal citizen participation requirements outlined in 24 CFR 570.486, the minimum requirements for the submission of a CDBG application are:

1. Conduct at least one public hearing prior to submission of the CDBG application. This hearing must be held at a convenient time and location to encourage citizen participation.
2. Publish an official announcement of the hearing, providing reasonable advance notice. A sample public hearing notice is available from OCD upon request.
3. Distribute information on the availability of CDBG funds and eligible uses at the public hearing. Sample fact sheets available from OCD upon request.
4. Publish the public hearing notice in an alternate language and provide an interpreter at the hearing, when a significant number of non-English speaking residents are expected to participate.
5. Adopt a grievance procedure for the use of CDBG funds. A sample grievance procedure is available from OCD upon request.
6. Document that the notice was published and the hearing was held. A documentation checklist is provided below.

The required citizen participation documentation to be submitted with the application includes:

- A copy of the public hearing minutes
- A copy of the affidavit of publication or the notice from the paper
- If applicable, a copy of the affidavit of publication or the notice from the paper in an alternate language.
- A copy of the jurisdictions' adopted Grievance Procedure.